



COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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Carlos Jackson
Executive Director

September 18, 2007

Honorable Board of Commissioners
Community Development Commission
of the County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**LOAN AND GRANT AGREEMENT WITH VILLA GARDENIAS SENIOR HOUSING
LIMITED PARTNERSHIP TO DEVELOP 125 UNITS OF AFFORDABLE SENIOR
HOUSING IN UNINCORPORATED EAST LOS ANGELES (1)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Acting as Responsible Agency for the Villa Gardenias Senior Apartments Project, to be located at 3965 E. Olympic Boulevard and 1141 S. Ditman Avenue in unincorporated East Los Angeles, certify that the Community Development Commission (Commission) has independently considered the attached Initial Study/Mitigated Negative Declaration (IS/MND), prepared by the County of Los Angeles, as Lead Agency, acting by and through the Department of Regional Planning, and has reached its own conclusions regarding the environmental effects of the project; and find that the mitigation measures identified in the IS/MND, and the Environmental Assessment, are adequate to avoid or reduce potential environmental impacts to below significant levels.
2. Approve a 55-year Loan and Grant Agreement, attached in substantially final form, between the Community Development Commission and Villa Gardenias Senior Housing Limited Partnership (Developer) for the development of the Villa Gardenias Senior Apartments, consisting of 105 one-bedroom units and 19 two-bedroom units for low-income and very low-income senior households, and one two-bedroom manager's unit.
3. Authorize the Executive Director to execute the Loan and Grant Agreement, to be effective following approval as to form by County

Counsel and execution by all parties; and to use a maximum of \$5,000,000 in HOME Investment Partnerships (HOME) Program funds for construction and permanent financing and a grant of up to \$200,000 in Community Development Block Grant (CDBG) funds for pre-development and off-site financing of the Villa Gardenias Senior Apartments.

4. Authorize the Executive Director to use an additional \$500,000 in HOME funds for unforeseen costs related to pre-development, construction and permanent financing of the Villa Gardenias Senior Apartments.
5. Authorize the Executive Director to execute all documents necessary to subordinate the Commission's loans to the permitted construction and permanent financing for the project.
6. Authorize the Executive Director to incorporate up to \$5,500,000 in HOME funds and \$200,000 in CDBG funds into the Commission's Fiscal Year 2007-2008 approved budget, for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a Loan and Grant Agreement for the development and permanent financing of the Villa Gardenias Senior Apartments.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Commission will provide a construction and permanent loan of up to \$5,000,000 in HOME funds and a \$200,000 pre-development grant utilizing CDBG funds. The HOME loan term is 55 years at 3% simple annual interest, to be evidenced by a Promissory Note and secured by a Deed of Trust.

A 10% contingency of up to \$500,000 in HOME funds is being set aside for unforeseen costs related to construction and permanent financing costs.

The estimated cost to develop the project is \$26,667,221, which includes: a permanent loan of \$5,000,000 in HOME funds and a \$200,000 grant of CDBG funds from the Commission, \$8,900,000 from tax-exempt bond proceeds, tax credit equity of \$10,142,309, developer equity of \$424,912, and a deferred Developer Fee of \$2,000,000.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

This project was selected for funding through the Commission's open HOME Request for Proposals process. The \$5,000,000 construction and permanent HOME loan will be subordinated to the construction and permanent financing provided by private financial institutions. The Developer consists of GSL Partners a California for-profit corporation and Foundation for Affordable Housing VIII, a community housing development organization.

The project will consist of four multi-story apartment buildings. Fifty-six of the units will be reserved for very low-income households with incomes that do not exceed 50% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Sixty-eight of the units will be reserved for low-income households with incomes that do not exceed 60% of AMI. The manager's unit will have no income restrictions.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). It describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Commission on April 9, 2007. Following the required public agency comment period, HUD issued a Release of Funds for the project on April 25, 2007.

As a Responsible Agency, and in accordance with the requirements of California Environmental Quality Act (CEQA) Guidelines, the Commission reviewed the IS/MND prepared by the County of Los Angeles and determined that the project will not have a significant adverse impact on the environment. The Commission's consideration of the IS/MND, the Environmental Assessment, and filing of the Notice of Determination, satisfies CEQA Guidelines as stated in Article 7, Section 15096.

The environmental review record for this project is available for public review during regular business hours at the Commission's main office, located at 2 Coral Circle, Monterey Park.

Honorable Board of Commissioners
September 18, 2007
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IMPACT ON CURRENT PROJECT:

Approval of the Loan and Grant Agreement will increase the supply of affordable housing for low-income seniors in the County.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

CJ: cr

Attachments: 2

Attachment A
HOUSING FINANCIAL ANALYSIS
Villa Gardenias Senior Apartments

The project will be located at 3965 E. Olympic Boulevard and 1141 S. Ditman Avenue, in unincorporated East Los Angeles, and will consist of 105 one-bedroom units and 19 two-bedroom units for low-income and very low-income senior households, and one two-bedroom manager's unit.

The following is a financial analysis of the project:

<u>Uses</u>	TOTAL	PER UNIT
Total Development Cost	\$26,667,221	\$213,338
<u>Sources</u>		
<u>Construction Phase</u>		
Construction Loan (Tax-Exempt Bonds)	\$15,000,000	\$120,000
HOME	\$ 5,000,000	\$ 40,000
Deferred Developer Fee	\$ 2,000,000	\$ 16,000
Limited Partner Bridge Loan/Equity	\$ 2,830,594	\$ 22,645
CDBG	\$ 200,000	\$ 1,600
General Contractor Fee	\$ 1,636,627	\$ 13,093
Total Construction Sources	\$26,667,221	\$213,338
<u>Permanent Phase</u>		
Low-income Housing Tax Credits	\$10,142,309	\$ 81,138
Permanent Loan (Tax-Exempt Bonds)	\$ 8,900,000	\$ 71,200
HOME	\$ 5,000,000	\$ 40,000
Deferred Developer Fee	\$ 2,000,000	\$ 16,000
Developer Equity	\$ 424,912	\$ 3,400
CDBG	\$ 200,000	\$ 1,600
Total Permanent Sources	\$26,667,221	\$213,338

HOME PROGRAM LOAN AND CDBG GRANT AGREEMENT

by and between the

**COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

a public body corporate and politic

and

VILLA GARDENIAS SENIOR HOUSING LIMITED PARTNERSHIP

a California Limited Partnership

for a loan in the principal amount of

\$5,000,000 HOME
and
for a grant in the amount of \$200,000 in CDBG

September ____, 2007

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HOME LOAN AND CDBG GRANT AGREEMENT

Transaction Summary

Project Name: Villa Gardenias Senior Apartments

Borrower Name: Villa Gardenias Senior Housing Limited Partnership

☒ Limited Partnership ☐ LLC ☐ Nonprofit Public Benefit Corporation ☐ Other _____

HOME Loan Amount: \$ 5,000,000 Interest Rate: 3% simple, 10% Default

Repayment term: 55 years. Repayment type: ☒ residual receipts (_____% , or pro rata share with _____)

CDBG Grant Amount \$200,000

Total Number of Units in Project: 125 Number of HOME-assisted units 124

Location (Jurisdiction): Los Angeles ☐ Incorporated ☒ Unincorporated East Los Angeles

Site Acreage: 1.14 acres

Project Type: rental for ☒ Seniors 62 years and older ☐ Families _____
☐ special needs (specify: _____)

Use of HOME Loan Funds: ☐ Acquisition ☒ Construction ☒ Permanent ☐ Collateral Pledge
☐ Rehabilitation ☐ _____

Affordability 55 years; No./size of HOME units, income levels: 124 HOME units.

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
50% Income*		31	6			37
60% Income*		74	13			87
Manager Unit			1			1
Totals		105	20			125

* Area Median Income

Other Project Financing Sources / Priority Relative to Commission Loan:

Note: Final funding amounts are subject to change.

(1) U.S Bank – Bonds	- \$8,900,000	<input checked="" type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(2) Tax Credit Equity	- \$10,142,309	<input checked="" type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(3) HOME	- \$5,000,000	<input type="checkbox"/> senior	<input checked="" type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(4) Deferred Developer Fee	- \$2,000,000	<input type="checkbox"/> senior	<input checked="" type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(5) Developer Equity	- \$424,912	<input type="checkbox"/> senior	<input checked="" type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(6) CDBG Grant	- \$200,000	<input type="checkbox"/> senior	<input checked="" type="checkbox"/> junior	<input type="checkbox"/> parity/NA

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Loan Agreement shall control.

THIS LOAN and GRANT AGREEMENT ("Agreement") is made as of the _____ day of September 2007, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and VILLA GARDENIAS SENIOR HOUSING LIMITED PARTNERSHIP, a California Limited Partnership (listed in the Transaction Summary above) ("Borrower"). Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party".

RECITALS

A. WHEREAS, Borrower desires to borrow the principal amount of Five Million Dollars (\$5,000,000) (the "HOME Loan") from the Commission for the purpose of providing construction and permanent financing in connection with the housing development ("Project") described in the Transaction Summary above, and as more particularly described in this Agreement. The Commission's source of funding for the HOME Loan is provided from the HOME Investment Partnerships Program, 24 CFR Part 92 ("HOME"). The Project will be developed on a site ("Site") commonly known as 3965 E. Olympic Blvd. and 1141 S. Ditman Avenue, Los Angeles, CA 90023, and legally described on Exhibit "B" to this Agreement. A detailed Project description is attached hereto as Exhibit "F", and reduced site plans and elevations for the Project are attached as Exhibit "G".

B. WHEREAS, Borrower also desires to receive a grant in the amount of Two Hundred Thousand Dollars (\$200,000), (the "CDBG Grant") from Commission for the purpose of certain predevelopment and offsite infrastructure costs in connection with the Project. Commission's source of funding for the Grant is provided from the Community Development Block Grant Program, 24 CFR Part 570 ("CDBG").

C. WHEREAS, other sources of financing for the Project are anticipated to include, but may not be limited to (i) senior lien financing listed in the Transaction Summary above ("Senior Financing"), to which the Commission shall expressly subordinate the lien of the Commission's HOME Deed of Trust; (ii) financing junior in priority to the lien of the Commission's HOME Deed of Trust as listed in the Transaction Summary above ("Junior Financing"); and (iii) other financing sources listed in the Transaction Summary above ("Other Financing").

D. WHEREAS, development and operation of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for persons of low or very low income as described in the Transaction Summary above. If applicable, the Project will provide supportive services to the extent described in Section 7 below and in Exhibit "N".

E. WHEREAS, as more particularly provided below, Borrower will deliver to the Commission, among other items, the "HOME Deed of Trust", "HOME Promissory Note" and the "CC&R's" (as those terms are defined below) to, respectively, secure repayment of the HOME Loan by Borrower as provided herein and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

F. WHEREAS, the Commission desires to make the Loan to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

HOME L O A N AND CDBG GRANT A G R E E M E N T

1.0 HOME LOAN.

Commission agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the HOME Loan to Borrower, to be used solely for the purposes described herein.

2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT.

2.1 Note.

As one of the conditions to disbursement of the HOME Loan to Borrower under Section 6 below, Borrower shall execute a HOME Promissory Note (the "Note") in the form of Exhibit "C" attached hereto, which Note sets forth terms and conditions for the repayment of the HOME Loan. The Note shall be secured by the "Deed of Trust" as provided below.

2.2 Basic Interest.

The disbursed and unpaid principal balance of the HOME Loan shall bear interest commencing on the date on which such Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty- (360-) day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of ten percent (10%) per annum ("Default Rate").

2.3 Payment Dates and Amounts.

As set forth in greater detail in the Note, Borrower shall repay the HOME Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on the 15th day of March of each calendar year for the previous fiscal year, commencing on March 15, 2008. Absent prepayment or acceleration, each of the annual payments due March 15, 2008 through and including March 15, 2062 ("Maturity Date") shall be in an amount equal to fifty percent (50%) of "Residual Receipts" (as defined in the Note) for the prior calendar year. Residual Receipts shall be calculated and reported to Commission annually for each fiscal year no later than March 15th of the following calendar year on forms specified and provided by Commission from time to time. All calculations and records are subject to audit by Commission. Notwithstanding any other provision of the Note or this Agreement, unless due sooner, the entire outstanding principal balance of the HOME Loan together with any outstanding interest and any other sums payable under the Note shall be due and payable in full on the Maturity Date.

The term of this Agreement (the "Term") shall be from the date of this Agreement through and including the Maturity Date; provided, however, that the use restrictions in Section 10 and the nondiscrimination covenants in Section 11 shall extend beyond the Term as

provided in those sections.

2.4 Payments Due on Transfer or Refinance.

In addition to the payments provided in Section 2.3 above, and subject to the terms of the Senior Financing, Borrower shall pay to Commission towards (but not to exceed) any outstanding amounts associated with the HOME Loan, the "Applicable Percentage" of "Net Proceeds" of an "Assignment"; and fifty percent (50%) of "Net Refinancing Proceeds" received from a "Refinancing", as such terms are defined in the Note.

3.0 ACCELERATION.

Notwithstanding the payment terms set forth in Section 2 above, upon the occurrence of any "Event of Default" as set forth in Section 15 below, the entire outstanding principal balance of the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

4.0 PREPAYMENT; APPLICATION OF PAYMENTS.

At any time after the disbursement of the HOME Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the HOME Loan and accrued interest and any other sums outstanding without penalty.

Borrower hereby agrees and understands that the prepayment of the Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 9, 10, and 11 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding HOME Loan principal or interest thereon) due under the Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" of ten percent (10%) per annum (simple interest), if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

5.0 SECURITY AND SOURCE OF PAYMENT.

Borrower's obligation to repay the HOME Loan and any associated interest and other amounts payable under this Agreement or the Note shall, at all times during which any amount remains outstanding, be secured by the HOME Deed of Trust ("Deed of Trust"), in the form of Exhibit "D" attached hereto, recorded against Borrower's interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by Commission.

Except to the extent any Event of Default hereunder results directly or indirectly from any willful misconduct, fraud or intentional and material misrepresentation by Borrower in connection with this Agreement or the HOME Loan, the HOME Loan is a nonrecourse obligation of Borrower and in the event of the occurrence of an Event of Default, Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other

income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Commission as security for repayment of the HOME Loan such that neither Borrower nor any partner of Borrower shall have personal liability for repayment of the HOME Loan.

6.0 ESCROW; CONDITIONS TO FUNDING THE HOME LOAN.

6.1 Except to the extent Commission's Executive Director directs in writing that some or all of the disbursement and/or deliveries shall occur outside of Escrow, disbursement of the HOME Loan proceeds in accordance with this Agreement, delivery of the executed Note to Commission, and recordation of the Deed of Trust and other HOME Loan Documents (as defined in Section 6.2(5) below) to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for this transaction by Commission. Borrower shall obtain Commission's approval of an Escrow Holder and open Escrow not later than one year following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

6.2 The obligation of Commission to make disbursements of HOME Loan proceeds under this Agreement shall be expressly subject to satisfaction of all of the following conditions (collectively, the Closing Conditions) on or before the date ("Closing Deadline") which is One Hundred Eighty (180) days following the date of this Agreement.

(a) The execution of this Agreement by the Commission and Borrower, and delivery of a fully-executed copy to Escrow Holder;

(b) Borrower's due execution and deposit into Escrow of the Note;

(c) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the covenants, conditions and restrictions ("CC&R's") in the form attached hereto as Exhibit "E";

(d) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the Deed of Trust;

(e) Receipt by the Commission from Borrower of such other documents, certifications and authorizations as are reasonably required by the Commission, in form and substance satisfactory to the Commission, evidencing that (i) this Agreement, the Note, the Deed of Trust, the CC&R's and all other documents given or executed in connection herewith (collectively with this Agreement, the Note, the Deed of Trust and the CC&Rs, the "Loan Documents") are duly and validly executed by Borrower and constitute the valid and enforceable obligation of Borrower pursuant to the respective terms, and (ii) the execution and delivery of the Loan Documents, and the performances thereunder by Borrower, will not breach or violate any law applicable or governmental regulation to which Borrower is subject nor constitute a breach of or default under any instrument or agreement to which Borrower may be a party;

(f) First American Title, North American Title, Chicago Title, Stewart Title, or another title company approved by the Commission ("Title Company") shall have assured the Commission in writing that upon recordation of the Deed of Trust there will be provided to the Commission, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as the Commission shall reasonably require) issued by the Title Insurance Company in the amount of the HOME Loan, insuring the Commission's interest in the Property as beneficiary under the Deed of Trust, and specifically insuring that the lien of the Deed of Trust and the CC&R's against the Property are subject only to the Senior Financing and any exceptions to title applicable to the Property which were expressly approved in writing by the Commission (collectively with the Senior Financing, "Permitted Senior Encumbrances"). Standard lender's title insurance coverage (without the need for a survey) will be accepted by the Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to the Commission;

(g) Borrower, the Commission, and any lender, creditor or lienholder with respect to the Junior Financing and Other Financing which is of record in the Los Angeles County Recorder's office (if applicable) have each duly executed (with notary acknowledgment) and deposited into Escrow for recordation at the Close of Escrow a subordination agreement ("Subordination Agreement") in the form attached hereto as Exhibit "M", confirming the senior lien priority of the Commission's Deed of Trust;

(h) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Financing, Other Financing, or Junior Financing, and Borrower has demonstrated to the satisfaction of the Commission Executive Director (or his designee) that all financing sources for rehabilitation and operation of the Project, including but not limited to Borrower's equity, are or will be available in sufficient amounts to provide for full and timely completion and ongoing operation of the Project;

(i) Borrower shall have commenced or be ready to commence Project construction, and shall have furnished Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is in an amount not less than fifty percent (50%) of the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, has been recorded in the Official Records of Los Angeles, and names Commission as an additional obligee; and (C) a performance bond guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee and (D) shall have completed the Commission's Design Review Process in accordance with Exhibit ("L"); and. Not as a Closing Condition, but as a covenant of Borrower, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and be fully completed as represented in Borrower's approved funding application to Commission, free of mechanics liens, and with a certificate of occupancy from the applicable jurisdiction issued no later than [18] months following the Close of Escrow.

(j) Borrower shall have furnished Commission and obtained Commission's approval of all soils, geologic reports and other development related reports existing with respect to the Site. Borrower hereby acknowledges that Commission's review and approval of

such reports and of any other contract, document or other matter under this Agreement is solely for the benefit of Commission, and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter.

(k) Borrower shall have obtained Commission's written approval of a supplemental instruction to Escrow Holder specifying the applicable payees and uses of Loan proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement.

(l) Borrower shall have furnished Commission with a certification from the holders of any of the Senior Financing certifying that such holders consent to the Loan and that Borrower is not in default under any loan comprised within the Senior Financing.

(m) Borrower shall have furnished Commission with evidence satisfactory to Commission evidencing coverages required by Section 9.8 below.

(n) Borrower shall have provided to the Commission, in form satisfactory to the Commission, certified copies of (i) Borrower's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner, or president that such agreement or articles and bylaws has not been amended or modified except as described in the certification (ii) a good standing certificate from the California Secretary of State, certifying that Borrower is duly qualified and in good standing, and (iii) all other documents necessary to evidence to the Commission's satisfaction that the individuals and entities executing this Agreement and the Loan Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Borrower, to the terms hereof and thereof;

(o) Not as a Closing Condition, but at least 90 days prior occupancy and prior to the commencement of tenant selection for the Project, Borrower shall have obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the assisted units (as defined in Section 10.1 below) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available.

(p) Borrower has provided the Commission affirmative marketing and community business enterprise plans in form satisfactory to the Commission;

(q) Borrower shall have furnished and obtained the Commission's approval of an operating budget attached hereto as Exhibit O and a Management Plan the Project. The Management Plan shall include a preliminary Operating Budget in a format mandated by the Commission, approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision at the time the Certificate of Occupancy is issued, any such revision must be approved by the Commission at its sole discretion;

(r) Borrower shall have furnished the Commission with evidence satisfactory to the Commission evidencing the coverages required by Section 8.7 below;

6.3 When, and only when, Escrow Holder has confirmed that all of the Closing Conditions (a), (b), (c), (d), (f), (g) and (i) of Section 6.2 above have been satisfied, and has received written certification from the Commission's Executive Director that all other Closing

Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of Escrow ("Close of Escrow") by:

- (i) causing the Deed of Trust, the CC&R's and the executed Subordination Agreements (if any) to be recorded in the Official Records of Los Angeles County, California;
- (ii) delivering the executed original Note to the Commission;
- (iii) causing the Title Policy to be issued to the Commission in the form and amount specified above; and
- (iv) promptly following recordation, delivering conformed copies of the recorded documents to the Commission and Borrower.

6.5 The Close of Escrow shall not occur prior to satisfaction of all conditions precedent to the closings for the Senior Financing and the Junior Financing. Notwithstanding any other provision, Escrow Holder shall disburse proceeds of the HOME Loan prior to the closings for the Senior Financing and the Junior Financing only if expressly directed by written instructions from the Commission.

6.6 Time is of the essence with respect to the rights and obligations of the Parties under this Agreement and if the Close of Escrow does not occur prior to the Closing Deadline, then the Escrow shall terminate, and Escrow Holder shall promptly return all funds and documents to the Party depositing them.

7.0 SUPPORTIVE SERVICES.

As an additional condition to obtaining the HOME Loan, Borrower agrees to provide throughout the Term services as referenced in the approved HOME Application and its amendments, as set forth in the form attached hereto as Exhibit "N".

As more particularly provided therein, Exhibit "N" sets forth Borrower's obligation to provide supportive services for residents of the Project. Failure to comply with the terms of Exhibit "N" prior to expiration of any applicable notice and cure period will be deemed to be a default under this Agreement.

8.0 PURPOSE OF HOME LOAN AND CDBG GRANT.

The HOME Loan proceeds shall be used by Borrower only to provide financing for the Project. In no event shall Borrower use or otherwise invest the proceeds of the HOME Loan except as expressly provided in this Agreement.

The HOME loan shall be considered Permanent Financing at such time as the Borrower has achieved "Completion of the Project", which shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved funding application to the Commission and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to the Commission's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to Commission or Housing Authority of

County of Los Angeles ("HACOLA"), certifying to Commission or HACOLA that construction was completed substantially in accordance with the requirements of the plans and specifications as approved by Commission's or HACOLA's Design Review Process as referenced in Exhibit (L), and this Agreement, and (2) submission of construction completion documents in accordance with Exhibit (G), and (3) all other related on-site and off-site improvements have been completed; and (4) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

The CDBG Grant shall be used solely to fund predevelopment and offsite infrastructure activities in connection with the project. Developer shall comply with all necessary CDBG reporting requirements outlined in Exhibit "P" of this Agreement.

9.0 COVENANTS OF BORROWER.

As additional consideration for the making of the HOME Loan by Commission, Borrower covenants as follows:

9.1 Compliance with Laws.

Borrower shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the laws specified in Section 12, below; fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

9.2 Revenue Disclosures.

Borrower shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at Borrower's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports.

Upon seventy-two (72) hours written notice, at any time during the Term,

Borrower shall prepare and submit to Commission, any financial, program progress, monitoring, evaluation or other reports including but not limited to, documents related to construction, reasonably required by Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to Commission within such seventy-two (72) hour period, then within a reasonable time thereafter. Borrower will ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement, CC&Rs, or the Deed of Trust. Borrower shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

9.4 Indemnification.

Borrower, its Contractors, Subcontractors, and Design Professionals agree to indemnify, defend and save harmless Commission, HACOLA, and the County of Los Angeles, its agents, officers and employees, from and against any and all liability, expenses, including reasonable attorney's fees and costs, as determined at the sole discretion of the Commission, HACOLA, and the County of Los Angeles and claims for damages of any nature whatsoever, which claims arise directly or indirectly from or in connection with this Agreement, the Property of the Project, including, but not limited to Claims respecting bodily injury, death, damage, workers' compensation, liability or expense arising from or in connection with services performed by any person pursuant to this Agreement. Borrower agrees that all claims include but are not limited to, actions by any third parties for personal injuries, wrongful death, and or contractual disputes, excepting only any actions arising out of the active, or sole negligence or willful misconduct of Commission, HACOLA, and the County of Los Angeles. This indemnification clause shall remain in force and effect following the expiration of the term of this Agreement.

Borrower agrees to require its Contractors, Subcontractors, and Design Professionals to defend, indemnify, and hold harmless the Commission, HACOLA, and the County of Los Angeles, its agents, officers and employees, from and against any and all liability, expenses, including reasonable attorney's fees and costs, as determined at the sole discretion of the Commission, and claims for damages of any nature whatsoever, which claims arise directly or indirectly from or in connection with the Property or the Project, including, but not limited to Claims respecting bodily injury, death, damage, workers' compensation, liability or expense arising from or in connection with services performed or materials provided, excepting only any actions arising out of the active, or sole negligence or willful misconduct of Commission, HACOLA, and the County of Los Angeles.

9.5 Audit by State and Federal Agencies.

In the event this Agreement or the HOME Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Borrower shall comply with such inspections and pay on behalf of itself and Commission the full amount of the cost to the inspecting agency which results from such inspections, if any unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

9.6 Program Evaluation and Review.

Borrower shall allow Commission authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Borrower's staff, Borrowers, and other program participants, as reasonably required by Commission during the Term.

9.7 Hazardous Materials.

Borrower represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by Commission, Borrower shall indemnify, defend and hold Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by Commission, Borrower hereby releases and forever discharges Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution

Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

9.8 Insurance.

Without limiting Borrower's indemnification of Commission provided in this Agreement, Borrower shall procure and maintain at its own expense the insurance described in this section for the time periods set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Suppliers (hereinafter "LESLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Borrower shall deliver satisfactory evidence of issuance of "all risk" property insurance described in (2) below and worker's compensation insurance described in (3) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will defend, indemnify, and hold harmless Commission, its elected appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified, and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance. Borrower shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance. Borrower represents and warrants that the insurance coverage required herein will also be provided by Borrower's Contractors, Subcontractors, and Design Professionals.

- (a) Liability: Comprehensive liability insurance, including coverage for

personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower and/or Borrower's Contractors, Subcontractors, Design Professionals, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to Commission. Borrower shall require Borrower's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by Commission from time to time, Borrower shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission. Whether written on an occurrence or claims-made basis, the policy(ies) shall be maintained from the execution of this Agreement until at least three years after termination of this Agreement.

Professional liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Commission and its agents, officials, and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower and/or Borrower's Design Professionals. Said insurance shall be maintained for a period of not less than ten years after the substantial completion of the Project. The policy shall contain a waiver of subrogation for the benefit of CDC.

(b) Property Insurance: "All Risk" property insurance. Coverage shall include, without limitation, insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others, all existing structures, improvements and fixtures on the Property. There shall not be a "co-insurance" clause. This insurance shall be maintained for the duration of this Agreement.

(c) Workers' Compensation: Borrower's employees, if any, Borrower's Contractors, Subcontractors, and Design Professionals and any affiliates or agents of Borrower shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident. This insurance shall be maintained for the duration of this Agreement.

(d) Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles. This insurance shall be maintained for the duration of this Agreement.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

All subsequent verifications or renewals of the coverage requirements stated

above must be sent to the Commission with the following identifying information enclosed in order for these requirements to be deemed satisfied:

PROJECT: VILLA GARDENIAS SENIOR APARTMENTS
ADDRESS: 3965 E. Olympic Blvd. and 1141 S. Ditman Ave.,
Los Angeles, CA 90023
PROJECT NO: HE0091

Failure on the part of Borrower to procure or maintain the insurance coverage required in this Section 9.8 shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Borrower to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or the insurance Carrier.

9.9 Financial Statements; Tax Returns.

Borrower shall deliver to Commission within one hundred twenty (120) days after the end of each fiscal year of Borrower occurring during the term of the HOME Loan, a copy of its federal tax return and a financial statement for such preceding fiscal year. In addition, concurrent with Borrower's payment of the annual Residual Receipts installment payable to Commission on each April 15th in accordance with Section 2.3 above, Borrower shall deliver to Commission, on forms prepared and provided by Commission from time to time, a statement certified by Borrower's accountant (the "Annual Statement"), separately setting forth (i) the aggregate Gross Rents (as defined in the Note) received during the previous calendar year, and (ii) the aggregate Operating Expenses (as defined in the Note) expended during the previous calendar year.

9.10 Other Loans.

Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Financing, the Junior Financing and the Other Financing. Borrower shall provide to Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting Commission, to the extent Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by Commission in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the HOME Loan.

9.11 Construction Requirements.

Following the Close of Escrow, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and achieve "Completion of the Project" no later than

18 months following the Close of Escrow, subject to extension for up to an additional 12 months to the extent of force majeure delays beyond Borrower's reasonable control. "Completion of the Project" shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved funding application to Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) evidence satisfactory to Commission that the statutory period for the filing of mechanics' liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit "L", Construction Requirements, and shall conform to the layout and design represented in Borrower's approved application for the HOME Loan Program. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project.

9.12 Relocation Requirements.

If applicable, Borrower shall be responsible for assuring compliance with all relocation requirements as governed by federal relocation laws and regulations for projects funded in whole or in part with HOME, including the Federal Uniform Relocation Assistance and Real Property Policies Act (42 U.S.A.C. 4601 et seq., as amended), Federal Relocation Regulations (49 CFR Part 24), HUD Relocation Handbook 1378, and the Los Angeles County Community Development Commission's Relocation Policies and Procedures Manual. In circumstances where both federal and state funds are contributed to a program or Project, it is the policy of the County to follow the requirements that provide the displaced person or household with the greatest benefit. For example, if in a mixed-funded project, the assistance or benefit under state law is more favorable to the displaced person or household, then the state law applies, and if the opposite is the case, then applicable federal laws and regulations (California Relocation Assistance Law, etc.) shall apply. Any relocation assistance shall be provided through and in the manner directed by the Commission, provided, however, that Borrower shall indemnify, defend and hold harmless the Commission and the County of Los Angeles ("County") for relocation payments, consulting fees and expenses incurred in connection with the Project. At the Commission's election in the Commission's sole discretion, the Commission may hire a relocation consultant to coordinate the relocation. The fees and costs of the consultant shall be paid or reimbursed by Borrower.

9.13 Environmental Conditions.

Borrower shall comply with any NEPA or CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project, attached hereto as Exhibit "K".

9.14 Design Standards

Borrower agrees that projects determined to be eligible for a loan of HOME Funds are required

to utilize the CDC or HACOLA'S Design Guidelines and participate in the CDC's or HACOLA'S Design Review Process. The Borrower agrees to conform to the Process and timelines as required by the Commission and as set forth in Exhibit "L".

Borrower agrees that In the event the Design Review Process is completed prior to completion or execution of this Agreement, the approved construction plans and specifications are to be referenced by name, date of approval and page numbers.

Furthermore, Borrower agrees that if significant changes are made to a Commission-approved design during the design or construction phases, the Commission may elect to reduce or rescind the loan commitment or reduce the Developer fee.

10.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

10.1 Limitations on Tenants.

Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the 55 year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the number of dwelling units and, with respect to the units designated to be assisted as consideration for the HOME Loan ("Assisted Units"), 124 HOME-Assisted Units shall be in accordance with the tenant income levels specified in this Agreement. All Assisted Units shall be rented only at an "Affordable Housing Cost" to "Low-Income Households," "Sixty Percent Income Households," "Very Low-Income Households," or "Very Very Low-Income Households" as hereinafter defined (persons within either group occasionally referred to as "Eligible Persons").

"Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development (HUD).

"Sixty Percent Income Households" shall mean persons and families whose gross annual household incomes do not exceed sixty percent (60%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Very Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Very Very Low-Income Households" shall mean Very Low-Income Households whose gross annual incomes do not exceed thirty-five percent (35%) of Area Median Income.

"Affordable Housing Cost" shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

- (i) for an Eligible Person within a Low-Income Household, the High HOME Rent established by HUD;
- (ii) for an Eligible Person within a Sixty Percent Income Household, the High HOME Rent established by HUD; and
- (iii) for an Eligible Person within a Very Low-Income Household, the Low HOME Rent established by HUD.
- (iv) for a Very Very Low-Income Household, the product of thirty percent (30%) times thirty five percent (35%) of Area Median Income adjusted for family size appropriate for the Assisted unit.

“Area Median Income” shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size as periodically adjusted by HUD, or any successor entity designated under state law as responsible for establishing such “Area Median Income.”

In addition, the Project shall be operated exclusively as senior citizen housing, in which all Assisted Units shall be occupied only by persons who are a “senior citizen” or “qualified permanent resident” as defined by Cal. Civil Code Section 51.3.

Borrower shall specifically provide in each HOME Assisted Unit lease and shall strictly enforce the requirement that each HOME Assisted Unit be occupied at all times by the eligible household who has leased that HOME Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee’s household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Borrower fails to do so. Prior to execution of any HOME Assisted Unit lease with respect to the Project, Borrower shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Borrower shall thereafter use the approved form for all leases of HOME Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

10.2 Tenant Selection Process; Reports and Records Concerning Tenancies.

Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by Commission to monitor compliance with the tenanting requirements described in Section 10.1 above, including without limitation the requirement that Borrower deliver reports to Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the Borrower and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such Borrower as may be reasonably required by Commission to certify such Borrower’s qualification for occupancy of the Project. Borrower’s obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 10.1.

10.3 Management of Project.

Subject to the terms and conditions contained herein below, Borrower shall at all

times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Commission's written approval of a management contract ("Management Contract") entered into between Borrower and an entity ("Management Entity") acceptable to Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and Commission. Borrower shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 10.1.

10.4 Operations and Maintenance.

Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that Borrower and such successors and assigns shall use the Site solely for the purpose of operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the CC&Rs and the Deed of Trust.

Borrower covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Borrower, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions or the restrictions contained in this Agreement or the Deed of Trust. Furthermore, Borrower and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

Borrower shall, at its expense, (i) maintain all improvements and landscaping on the Site in good working order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project (which must be approved by the Commission before being incorporated into the Construction Contract) (such approved plans, the "Plans") and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents while maximizing Residual Receipts to the extent reasonably possible consistent with applicable rent and tenant requirements (including all recorded rent restrictions affecting the Project) and without compromising the safety and attractiveness of the living environment of the Project.

11.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subborrowers, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

11.1 Form of Nondiscrimination and Nonsegregation Clauses.

Borrower shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Borrowers, lessees, sublessees, subBorrowers, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of Borrowers, lessees, subborrowers, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

12.0 COMMISSION AND HOME PROGRAM REQUIREMENTS

Borrower shall comply with the provisions of Exhibit "J" - Commission Requirements and Exhibit "I" – HOME Program Requirements.

13.0 INDEPENDENT CONTRACTOR.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for furnishing or causing its general contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

14.0 ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission or the Commission's Executive Director, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement and the HOME Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by Commission at its sole discretion including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the HOME Loan Documents, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's obligations under this Agreement, the Note, and all other Loan Documents.

Any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Borrower's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of Commission, Commission may, at its option, by written notice to Borrower, declare Borrower in default under this Agreement.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state or federal low income housing tax credits, the Commission hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interest in Borrower to an equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners and (iii) removal of any general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as may be amended from time to time, provided that any replacement general partner is approved by Commission, which approval shall not be unreasonably withheld.

15.0 EVENTS OF DEFAULT AND REMEDIES.

15.1 Borrower Events of Default.

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(a) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the HOME Loan at the Maturity Date of the Note;

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice.. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 15.1(c) through 15.1(g) below;

(c) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Agreement, the Note, or the Deed of Trust;

(d) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner, or majority shareholder, of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any

bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Following completion of the rehabilitation of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(g) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 14.0 above or Section 29.0 below; or

(h) Borrower shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

15.2. Commission Remedies.

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Borrower declare the entire then unpaid principal balance of the HOME Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the HOME Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(b) Subject to the nonrecourse provisions of Section 5 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the Note, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any other document executed in connection herewith;

(c) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money, whether under this Agreement or the Note, Commission may, but shall not be obligated to, make such payment. If such payment is made by Commission, Borrower shall deposit with Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by Commission shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the Note;

(d) Subject to the nonrecourse provisions of Section 5 above, upon the

occurrence of an Event of Default described in Section 15.1(d) or 15.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the HOME Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

15.3. No Remedy Exclusive.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

15.4. Commission Default and Borrower Remedies.

Upon fault or failure of Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; and
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from Commission arising out of or in connection with this Agreement, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

16.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the HOME Loan Documents as a consequence of any breach by the other party of its obligations thereunder or hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other HOME Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse Commission, upon demand by Commission, for all costs incurred by Commission in connection with the enforcement of this Agreement, the Note, and any other HOME Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether Commission is a creditor in such proceeding or otherwise.

17.0 RIGHT OF ACCESS AND INSPECTION.

Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If Commission in its reasonable discretion determines that the project is not being operated in conformity with this Agreement, or any applicable Governmental Restrictions, Commission may at its election, after notice to and consultation with the Borrower and affording the Borrower thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Borrower fails to cure the matter, itself cure the matter. Inspection by Commission of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by Commission that there has been compliance with any terms or provisions of this Agreement.

18.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

No official or employee of Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of Commission shall be personally liable in the event of a breach of this Agreement by Commission.

19.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

20.0 EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

21.0 NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles

Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the County of Los Angeles

Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower: Villa Gardenias Senior Housing LP
30950 Rancho Viejo Road, Suite 100
San Juan Capistrano, CA 92675
Attn: Thomas Willard
Fax No: (949) 443-9133

With a copy to: GSL Properties, Inc.
2164 S.W. Park Place
Portland, OR 97205-1125
Attn: Walter O. "Skip" Grodahl, III
Fax No: (503) 223-4463

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

22.0 SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

23.0 INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the Note shall be interpreted to require in each instance the lesser of (i) the amount stated in the Note; and (ii) the maximum applicable legal limit. Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement.

24.0 NO WAIVER; CONSENTS.

Any waiver by Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by Commission to take action on account of any default of Borrower. Consent by Commission to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Commission's consent to be obtained in any future or other instance.

25.0 APPLICABLE POLICIES.

A. Governing Law.

This Agreement shall be governed by the laws of the State of California.

B. Compliance with Laws.

Borrower agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the 24 Code of Federal Regulations (CFR) Part 85

C. HOME Program and Federal Requirements.

In addition to any other obligations of the Borrower to this Agreement, the Borrower agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit "I".

26.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to Commission that:

A. Organization and Standing.

Borrower is a legal entity as described in the Transaction Summary above, duly

organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Note, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability.

This Agreement, the Note, the Deed of Trust, the CC&Rs, and all other instruments to be executed by Borrower in connection with the HOME Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Borrower, and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution.

This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses.

Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance.

There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

G. Default.

There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 15.

H. No Violations.

The execution and delivery of this Agreement, the Note, and all other documents executed or given hereunder, and the performances thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

I. No Affiliation With Lenders.

Borrower is no under common ownership or is otherwise affiliated with any lender extending any Project Loan (as defined in the Note).

27.0 APPROVALS.

Any consent to a transfer under Section 14 or 30 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, and the operation of the project.

28.0 GOOD FAITH AND FAIR DEALING.

Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

29.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

29.1 Without the prior written approval of the Commission (or the Commission's Executive Director), which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project (excluding Borrower leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the HOME Loan Documents. Notwithstanding the foregoing, Commission hereby consents to the events described in the last paragraph of Section 14.0 hereof, if applicable, without Borrower obtaining any further consent from Commission. Borrower hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

29.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such

proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 29 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the HOME Loan Documents. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 29. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the HOME Loan Documents accruing subsequent such effective date.

29.3 Notwithstanding anything in this Agreement, Borrower agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefore and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

29.4 The provisions of this Section 29 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

30.0 ACCESS AND RETENTION OF RECORDS.

Borrower shall provide access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Borrower which are directly pertinent to this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 10.2 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COMMISSION:

**COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF LOS
ANGELES,**
a Public Body Corporate and Politic

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

BORROWER:

**VILLA GARDENIAS SENIOR HOUSING
L.P.**
A California Limited Partnership

By: _____

By: GSL Villa Gardenias Investors, LLC, An
Oregon Limited Liability Company, its
Associate General Partner

By: _____

By: Foundation for Affordable Housing VIII,
Inc.
A California non profit public benefit
corporation, its Managing General Partner

TABLE OF EXHIBITS

EXHIBIT "A"	DIRECTORY OF DEFINED TERMS
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EXHIBIT "C"	HOME PROMISSORY NOTE
EXHIBIT "D"	HOME DEED OF TRUST
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EXHIBIT "A" TO LOAN AGREEMENT

DIRECTORY OF DEFINED TERMS (HOME LOAN - PROJECT NO. HE0091)

Each of the following terms is defined in the section of the Loan Agreement referenced in parentheses.

Affordable Housing Cost (Section 10.1)	Loan Documents (Section 6.2(e))
Agreement (Preamble)	Low-Income Households (Section 10.1)
Annual Statement (Section 9.9)	Management Contract (Section 10.3)
Applicable Governmental Restrictions (Section 9.1)	Management Entity (Section 10.3)
Applicable Percentage (Section 2.4)	Manager (Section 10.3)
Area Medium Income (Section 10.1)	Maturity Date (Section 2.3)
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Assisted Units (Section 10.1)	Net Refinancing Proceeds (Section 2.4)
Basic Rate (Section 2.2)	Note (Section 2.1)
Borrower (Preamble)	Operating Expenses (Section 9.9)
CC&Rs (Section 6.2(3))	Other Financing (Recital B)
Claims (Section 9.4)	Parties (Preamble)
Close of Escrow (Section 6.3)	Party (Preamble)
Closing Conditions (Section 6.2)	Permitted Senior Encumbrances (Section 6.2(f))
Closing Deadline (Section 6.2)	Plans (Section 10.4)
Commission (Preamble)	Project (Recital A)
Completion of the Project (Section 9.11)	Property (Section 5)
Construction Contract (Section 6.2(11))	Refinancing (Section 2.4)
County (Section 9.11)	Residual Receipts (Section 2.3)
Deed of Trust (Section 5)	Senior Financing (Recital B)
Default Rate (Section 2.2)	Site (Recital A)
Eligible Persons (Section 10.1)	Sixty Percent Income Households (Section 10.1)
Escrow (Section 6.1)	Subordination Agreement (Section 6.2(g))
Escrow Holder (Section 6.1)	Term (Section 2.3)
Event of Default (Section 15.1)	Title Company (Section 6.2(f))
General Contractor (Section 6.2(i))	Transfer (Section 29.1)
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Hazardous Materials (Section 9.7)	Transfer Notice (Section 29.2)
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HOME Loan (Recital A)	Very Very Low-Income Households (Section 10.1)
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Junior Financing (Recital B)	
Loan (Recital A)	

EXHIBIT "B" TO LOAN AGREEMENT

SITE LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Parcel 1:

That portion of Lot 173, Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 47, Page 65 of Maps, in the Office of the County Recorder of said County, and that portion of Lot 96 of the Verona Tract, in the County of Los Angeles, State of California, as per map recorded in Book 14, Page 80 of said Maps, described as a whole as follows:

Beginning at the Southwesterly corner of said Lot 96, which is also the Northwesterly corner of said Lot 173; thence North $0^{\circ} 16' 56''$ West, along the Westerly line of said Lot 96, a distance of 3.20 feet; thence North $89^{\circ} 52' 17''$ East 89.73 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 40.00 feet; thence Easterly along said curve, through an angle of $12^{\circ} 37' 38''$, an arc distance of 8.82 feet to a point in the Southerly line of said Lot 96, distant Easterly along said Southerly line, 98.49 feet from said Southwesterly corner; thence continuing along said curve, Southeasterly through an angle of $77^{\circ} 13' 09''$, an arc distance of 53.91 feet to a point in the Easterly line of said Lot 173, distant Northerly along said Easterly line, 2.48 feet from the Southeasterly corner of said Lot 173; thence Southerly, along said Easterly line, 2.48 feet to said Southeasterly corner; thence Westerly, along the Southerly line of said Lot, to the Southwesterly corner of said Lot 173; thence Northerly, along the Westerly line of said Lot 173, to the point of beginning.

Except therefrom all minerals, oils, gases and other hydrocarbons by whatsoever name known that may be within or under the parcel of land hereinabove described without, however, the right to drill, dig or mine through the surface thereof, as provided in Director's Deed recorded May 31, 1963, as Instrument No. 2947, Official Records.

Parcel 2:

Lots 174, 175, 176 and 177 of Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 47, Page 65 of Maps, in the Office of the County Recorder of said County.

Parcel 3:

Lots 170, 171, 178 and 179 of Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 46, Page(s) 41 and 42 of Maps, and in Book 47, Page 65 of Maps, in the County of Los Angeles, State of California, in the Office of the County Recorder of said County.

Excepting therefrom the West 10 feet of said Lot 170, more particularly described as follows:

Beginning at the Southwest corner of said Lot 170; thence North 0° 10' 55" West 40.00 feet to the Northwest corner of said Lot 170; thence along the North line of said Lot, North 89° 50' 30" East 010.00 feet to a line parallel with and distant Easterly to 10.00 feet, measured at right angles, from the West line of said Lot 170; thence along said parallel line, South 0° 10' 55" East 40.00 feet to the South line of said Lot 170; thence along said South line, South 89° 50' 30" West 10.00 feet to the true point of beginning.

Also excepting therefrom that portion of said Lot 171, described as follows:

Beginning at the Southwest corner of said Lot 171; thence North 0° 20' 55" West 40.00 feet to the Northwest corner of said Lot 171; thence along the North line of said Lot, North 89° 50' 30" East 10.00 feet to a line parallel with and distant Easterly 10.00 feet, measured at right angles from the Westerly line of said Lot 171; thence along said parallel line, South 0° 10' 55" feet to a point distant Northerly 17.00 feet from the Southerly line of said Lot 171; thence South 45° 10' 12" East 24.05 feet to a point in said Southerly line of Lot 171, said point distant Easterly 27.00 feet from said Southwest corner of said Lot 171; thence along said Southerly line, South 89° 50' 30" West 27.00 feet to the true point of beginning.

Also except from said Lot 170, all oil, and mineral rights below a plane of 300 feet from the surface of said land without the right to drill, mine, explore and operate through the surface of the upper 300 feet of the subsurface of said land, as excepted in deed by Aida Berry, a single woman, recorded August 2, 1972, as Instrument No. 748, Official Records.

Also excepting therefrom all oil, gas and other minerals (including, without limitation, helium, lignite, sulfur, phosphate and other solid, liquid and gaseous substances), regardless of the nature thereof and whether similar or dissimilar but only to the extent any of the foregoing is in its natural state and natural location and not subject to the dominion and control of any person, and all mineral and royalty rights whatsoever in, on and under said land, but without the right of surface entry, as reserved in deed recorded September 22, 1998, as Instrument No. 98-1714200, Official Records.

Assessor's Parcel Number: **5242-006-015,016**

EXHIBIT "C" TO LOAN AGREEMENT

HOME PROMISSORY NOTE
(HOME - PROJECT NO. HE0091)

\$ 5,000,000

September, 2007

For value received, the undersigned, VILLA GARDENIAS SENIOR HOUSING LIMITED PARTNERSHIP, a California Limited Partnership_ ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of Five Million DOLLARS (\$ 5,000,000) (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Loan Agreement dated as of May, 2007, entered into between Borrower and the Commission (the "Loan Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with construction and permanent financing in connection with a housing project ("Project") on a site more particularly described in the Loan Agreement ("Site").

1. Interest.

1.1 Basic Interest. Except as provided in Section 1.4 below, the disbursed and unpaid principal balance of the Loan shall bear interest commencing on the date on which the Loan proceeds are first disbursed for the account of Borrower, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

1.2 Payment Dates and Amounts. Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2008. Absent prepayment or acceleration, each of the annual payments due March 15, 2008 through and including March 15, 2063 ("Maturity Date") shall be in an amount equal to fifty percent (50%) of "Residual Receipts" for the prior calendar year, as defined herein. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date.

1.3 Calculation of Residual Receipts. Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying

Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

1.4 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Loan Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("Default Rate"), from the date due until the date paid.

1.5 Definition of Residual Receipts.

1.5.1 "Residual Receipts" shall mean, with respect to each calendar year, the amount by which "Gross Rents," as defined herein, for such calendar year exceed the "Operating Expenses", as defined herein, for that calendar year.

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed ten percent (10%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed \$10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than two hundred dollars (\$200) per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties; and (vi) to the extent not otherwise included in Operating Expenses, amounts paid from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense.

1.5.4 Notwithstanding any provision of Section 1.5.3, the term "Operating Expenses" shall not include any of the following:

(i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Los Angeles-Orange County area for the same work or services;

(ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses;

(iii) optional or elective payments with respect to the Senior Financing;

(iv) any payments with respect to Junior Financing, Other Financing, or any other Project-related loan or financing other than the Senior Financing; or

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

1.6 In addition to the payments provided in Section 1.2 above, and subject to the terms of the Senior Financing, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Applicable Percentage of the Net Proceeds of such Assignment; and (b) no later than the recording of a Refinancing, fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing.

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Project.

"Applicable Percentage" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"Assignment" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project), sublease, sale, license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Property, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder,

of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to Community Development Commission of the County of Los Angeles (Commission)), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

"Refinancing" shall mean creation or substantial modification of a loan ("Project Loan") secured by an encumbrance on the Site, the Project, or any portion thereof. The term "Refinancing" shall not include the creation of the Senior Financing or any other Project Loan, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project.

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, shall, at the election of the Commission and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Loan Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment.

Borrower's obligations under this Note and the Loan Agreement shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Note, the Loan Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Loan Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to construction and permanent financing for the housing development described in the Loan Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by HACOLA, Borrower covenants as follows:

7.1 Compliance with Loan Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Loan Agreement and the Deed of Trust. Any amounts payable by Borrower under the Loan Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within five (5) business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions, as defined in the Loan Agreement. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this Note and the Loan Agreement and any of the other Loan Documents. With respect to Projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 14 of the Loan Agreement.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Loan Agreement, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under or the Deed of Trust or the Loan Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within one hundred eighty (180) days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Loan Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the Loan Agreement;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable

under Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Commission Remedies. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Loan Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise

any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies. Upon fault or failure of the Commission to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Note or seeking to enjoin any act by the Commission which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from the Commission arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Agreement to Pay Attorneys' Fees and Expenses.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Note or any of the other Loan Documents as a consequence of any breach by the other party of its obligations hereunder or thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Note or any other Loan Documents shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this Note, and any other Loan Documents, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Commission: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower: Villa Gardenias Senior Housing LP
30950 Rancho Viejo Road, Suite 100
San Juan Capistrano, CA 92675
Attn: Thomas Willard
Fax No. (949) 443-9133

With a copy to: GSL Properties, Inc.
2164 S.W. Park Place
Portland, OR 97205-1125
Attn: Walter O. "Skip" Grodahl, III
Fax No. (503) 223-4463

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Loan Agreement.

16. No Waiver; Consents.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower.

Borrower hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Loan

Agreement, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Loan Agreements and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any Commission official or employee under this Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 30 of the Loan Agreement and any other consent or approval by the Commission under this Note, the Deed of Trust, the Loan Agreement or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing.

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

BORROWER:

VILLA GARDENIAS SENIOR HOUSING L.P.
A California Limited Partnership

By: _____

By: GSL Villa Gardenias Investors, LLC, An
Oregon Limited Liability Company, its Associate
General Partner

By: _____

By: Foundation for Affordable Housing VIII, Inc.
A California non profit public benefit corporation, its
Managing General Partner

EXHIBIT "D" TO LOAN AGREEMENT

HOME DEED OF TRUST
(HOME - PROJECT NO.HE0091)

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

Above Space For Recorder's Use Only

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of September, 2007, by and between VILLA GARDENIAS SENIOR HOUSING LIMITED PARTNERSHIP, a California Limited Partnership ("Trustor") whose address is 30950 Rancho Viejo Road, Suite 100, San Juan Capistrano, CA 92675; North American Title Insurance Company of California, Inc. ("Trustee"); and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

R E C I T A L S

A. Beneficiary is making a loan to Trustor in the original principal amount of Five Million Dollars (\$5,000,000) (the "Loan") pursuant to that certain Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of September, 2007. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "Property").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below all of its present and future estate, right, title and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the

California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

(1) performance of each agreement of Trustor herein contained or incorporated herein by reference;

(2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

(3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the other "Loan Documents" (as defined in the Loan Agreement), and any extension, renewal or modification of such Loan Agreement and other Loan Documents.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefore. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at the time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3 and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The

grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall thereafter bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Deferral Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so

requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Deferral Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review. Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Loan Agreement, including the interview of

Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

b. The failure of Trustor to perform any nonmonetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Trustor commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(h) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is

being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 14 or 30 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor

agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary, a certified statement in form reasonably satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice of its approval or disapproval following submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any consent to a transfer under Section 33 of this Deed of Trust, and any other consent or approval by Beneficiary under this Deed of Trust or any of the other Loan Documents, may be given by Beneficiary's Executive Director without action of Beneficiary's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Board of Commissioners.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the Loan Agreement), (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 14.0 of the Loan Agreement without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

b. At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and ensure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from its obligations under this Deed of Trust and the other Loan Documents accruing subsequent to such effective date.

c. Notwithstanding anything in this Deed of Trust to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

d. The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR: **VILLA GARDENIAS SENIOR HOUSING L.P.**
A California Limited Partnership

By: _____

By: GSL Villa Gardenias Investors, LLC, An Oregon
Limited Liability Company, its Associate General Partner

By: _____

By: Foundation for Affordable Housing VIII, Inc.
A California non profit public benefit corporation, its
Managing General Partner

BENEFICIARY:

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES, a public body corporate and
politic

By: _____
Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared
_____ personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared
_____ personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary _____ Public, _____ personally _____ appeared
_____ personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF PROPERTY
(HOME – PROJECT NO. HE0091)

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Parcel 1:

That portion of Lot 173, Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 47, Page 65 of Maps, in the Office of the County Recorder of said County, and that portion of Lot 96 of the Verona Tract, in the County of Los Angeles, State of California, as per map recorded in Book 14, Page 80 of said Maps, described as a whole as follows:

Beginning at the Southwesterly corner of said Lot 96, which is also the Northwesterly corner of said Lot 173; thence North 0° 16' 56" West, along the Westerly line of said Lot 96, a distance of 3.20 feet; thence North 89° 52' 17" East 89.73 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 40.00 feet; thence Easterly along said curve, through an angle of 12° 37' 38", an arc distance of 8.82 feet to a point in the Southerly line of said Lot 96, distant Easterly along said Southerly line, 98.49 feet from said Southwesterly corner; thence continuing along said curve, Southeasterly through an angle of 77° 13' 09", an arc distance of 53.91 feet to a point in the Easterly line of said Lot 173, distant Northerly along said Easterly line, 2.48 feet from the Southeasterly corner of said Lot 173; thence Southerly, along said Easterly line, 2.48 feet to said Southeasterly corner; thence Westerly, along the Southerly line of said Lot, to the Southwesterly corner of said Lot 173; thence Northerly, along the Westerly line of said Lot 173, to the point of beginning.

Except therefrom all minerals, oils, gases and other hydrocarbons by whatsoever name known that may be within or under the parcel of land hereinabove described without, however, the right to drill, dig or mine through the surface thereof, as provided in Director's Deed recorded May 31, 1963, as Instrument No. 2947, Official Records.

Parcel 2:

Lots 174, 175, 176 and 177 of Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 47, Page 65 of Maps, in the Office of the County Recorder of said County.

Parcel 3:

Lots 170, 171, 178 and 179 of Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 46, Page(s) 41 and 42 of Maps, and in Book 47, Page 65 of Maps, in the County of Los Angeles, State of California, in the Office of the County Recorder of said County.

Excepting therefrom the West 10 feet of said Lot 170, more particularly described as follows:

Beginning at the Southwest corner of said Lot 170; thence North 0° 10' 55" West 40.00 feet to the Northwest corner of said Lot 170; thence along the North line of said Lot, North 89° 50' 30" East 010.00 feet to a line parallel with and distant Easterly to 10.00 feet, measured at right angles, from the West line of said Lot 170; thence along said parallel line, South 0° 10' 55" East 40.00 feet to the South line of said Lot 170; thence along said South line, South 89° 50' 30" West 10.00 feet to the true point of beginning.

Also excepting therefrom that portion of said Lot 171, described as follows:

Beginning at the Southwest corner of said Lot 171; thence North 0° 20' 55" West 40.00 feet to the Northwest corner of said Lot 171; thence along the North line of said Lot, North 89° 50' 30" East 10.00 feet to a line parallel with and distant Easterly 10.00 feet, measured at right angles from the Westerly line of said 171; thence along said parallel line, South 0° 10' 55" feet to a point distant Northerly 17.00 feet from the Southerly line of said Lot 171; thence South 45° 10' 12" East 24.05 feet to a point in said Southerly line of Lot 171, said point distant Easterly 27.00 feet from said Southwest corner of said Lot 171; thence along said Southerly line, South 89° 50' 30" West 27.00 feet to the true point of beginning.

Also except from said Lot 170, all oil, and mineral rights below a plane of 300 feet from the surface of said land without the right to drill, mine, explore and operate through the surface of the upper 300 feet of the subsurface of said land, as excepted in deed by Aida Berry, a single woman, recorded August 2, 1972, as Instrument No. 748, Official Records.

Also excepting therefrom all oil, gas and other minerals (including, without limitation, helium, lignite, sulfur, phosphate and other solid, liquid and gaseous substances), regardless of the nature thereof and whether similar or dissimilar but only to the extent any of the foregoing is in its natural state and natural location and not subject to the dominion and control of any person, and all mineral and royalty rights whatsoever in, on and under said land, but without the right of surface entry, as reserved in deed recorded September 22, 1998, as Instrument No. 98-1714200, Official Records.

Assessor's Parcel Number: **5242-006-015,016**

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(Space Above Line for Recorder's use)

This Agreement is recorded at the request and for the benefit of the Community Development Commission of the County of Los Angeles and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

EXHIBIT "E" TO LOAN AGREEMENT

COVENANTS, CONDITIONS, AND RESTRICTIONS
(HOME - PROJECT NO. HE0091)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the ____ day of September 2007 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and VILLA GARDENIAS SENIOR HOUSING LIMITED PARTNERSHIP, a California Limited Partnership ("Owner"), with reference to the following:

A. The Commission and Owner are parties to a Loan Agreement ("Loan Agreement") dated as of the ____ day of September 2007, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount of Five Million Dollars (\$5,000,000) (the "Loan") for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Exhibit "A" to this Agreement (the "Site").

B. Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Loan Agreement.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

(1) Use of the Property.

a. Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the Fifty-Five (55) Year term of this Agreement ("Term") commencing on the date of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of developing and operating the Project as a residential rental development consisting of 125 dwelling units, which shall be operated in accordance with the terms of this Agreement. Of the 125 total dwelling units in the Project, 124 units (the "HOME Assisted Units") shall be income-restricted and rented only at an "Affordable Housing Cost" (as defined below) and only to households meeting the income criteria applicable to the unit as provided in the following table:

Household Income Level	No. of Studio units	No. of 1-BR units	No. of 2-BR units	No. of 3-BR units	Total HOME Assisted Units for this income level
Manager's unit			1		1
Low					
Sixty Percent		74	13		87
Very Low		31	6		37
Very Very Low					

HOME Assisted Units shall be dispersed throughout the Project, and shall be no less attractive or desirable on average (whether because of convenient access, views, amenities, or other reasons) than the other Project units, if any, that are not HOME Assisted Units. Subject to the reasonable approval of the Commission's Executive Director (or his or her designee), the location of the HOME Assisted Units within the Project may be changed from time by Owner.

In addition, the Project shall be operated exclusively as senior citizen housing, in which all HOME Assisted Units shall be occupied only by persons who are a "senior citizen" or "qualified permanent resident" as defined by Cal. Civil Code Section 51.3.

"Low Income Households" shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of Title 25 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

"Sixty Percent Households" shall mean persons and families whose gross annual household incomes do not exceed sixty percent (60%) of Area Median Income.

“Very Low Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of Title 25 of the California Code of Regulations and are equivalent to fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

“Very Very Low Income Households” shall mean Very Low Income Households whose gross annual incomes do not exceed thirty-five percent (35%) of Area Median Income.

“Affordable Housing Cost” shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

- (i) for a Low Income Household, the High HOME Rent as established by HUD;
- (ii) for a Sixty Percent Income Household, the High HOME Rent as established by HUD;
- (iii) for a Very Low Income Household, the Low HOME Rent as established by HUD; and
- (iv) for a Very Very Low Income Household, the product of thirty percent (30%) times thirty five percent (35%) of Area Median Income adjusted for family size appropriate for the Assisted unit.

“Area Median Income,” or “AMI,” shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area as adjusted for family size and defined by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such “Area Median Income.”

Owner shall specifically provide in each HOME Assisted Unit lease and shall strictly enforce the requirement that each HOME Assisted Unit be occupied at all times by the eligible household who has leased that HOME Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee’s household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Owner fails to do so. Prior to execution of any HOME Assisted Unit lease with respect to the Project, Owner shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Owner shall thereafter use the approved form for all leases of HOME Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

The covenants described in this Agreement shall remain in effect through the 55-year Term of this Agreement, notwithstanding the earlier repayment of the Loan by Owner.

b. Tenant Selection Process; Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the Commission to monitor compliance with the tenanting requirements described in Paragraph (1)a above, including without limitation the requirement that Owner deliver reports to the Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the tenant and the amount of rent payable by each tenant. Owner shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the Commission to certify such tenant's qualification for occupancy of the Project. Owner's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in this Paragraph (1).

c. Owner shall provide, in accordance with the Supportive Services Agreement or description of services attached to this Agreement as Exhibit "I", certain supportive services for residents of the Project, as described in the Exhibit "I" throughout the Term of this Agreement.

(2) Management of Project. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project, including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain the Commission's written approval (which shall not be unreasonably withheld, conditioned or delayed) of a management contract ("Management Contract") entered into between Owner and an entity ("Management Entity") reasonably acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and the Commission. Owner shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding sixty (60) days from Management Entity's receipt of notice of the failure from Owner or the Commission. Owner's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Paragraph (1) of this Agreement.

(3) Operations and Maintenance. Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the Loan Agreement and the Deed of Trust (as defined in the Loan Agreement).

Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Owner, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions (as defined below) or the restrictions contained in this Agreement. Furthermore, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; the laws specified in the Loan Agreement; and applicable federal, state and local fair housing laws. Owner shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project.

Owner shall, at its expense, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project approved by the Commission in accordance with the Loan Agreement and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

(4) Performance of Maintenance.

a. Owner shall maintain in accordance with the Commission Standards, as hereinafter defined, the private improvements, public improvements and landscaping to the curblines on and abutting the Site. Said improvements shall include, but not be limited to, buildings, sidewalks and other paved areas, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curblines abutting the Site.

b. To accomplish the maintenance, Owner shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

c. Commission Standards: The following standards ("Commission Standards") shall be complied with by Owner and its maintenance staff, contractors or subcontractors

(i) Ordinary Maintenance Standards - Owner shall maintain the dwelling units and Site in good repair, order and condition at all times in order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, and that the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. Owner shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Exhibit "B" and incorporated herein by this reference.

(ii) Annual Inspection Standards - Owner shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Exhibit "C" and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the annual inspection, as set forth in Exhibit "C", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iii) Preventative Maintenance Standards - Owner shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Exhibit "D" and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the preventative maintenance, as set forth in Exhibit "D", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iv) Extraordinary Maintenance. Owner shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, including extraordinary replacement of equipment, betterment, and additions. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time, or are caused by such occurrences as earthquake, fire, obsolescence and, in some instances, neglect. Such items as replacement of roofs, replacement of corroded gas and heating lines, and rehabilitation of landscaping (ground-cover) would be considered in this category.

(v) The Commission may enter and inspect the premises at any time after notifying Owner seventy-two (72) hours prior to the planned inspection, and said notice shall be delivered to Owner at the address indicated in paragraph 17(e) below.

(5) Failure to Maintain Improvements. In the event Owner does not maintain the Site improvements to the curblin(e)s in the manner set forth herein and in accordance with the Commission Standards, the Commission shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after (i) written notice to Owner stating that the condition of said improvements does not meet with the Commission Standards and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such thirty (30) day period, then such amount of time as is needed to cure such deficiency provided owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

In the event Owner fails to correct, remedy, or cure such maintenance deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then the Commission shall have the right to maintain such improvements. Owner agrees to pay the Commission, upon demand, charges and costs incurred by the Commission in connection with such maintenance. Until so paid, the Commission shall have a lien on the Site for the amount of such maintenance charges and costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the fee estate in and to the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Owner in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of the Commission created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the Commission created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the Commission that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the Commission and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Commission to reimburse the Commission for the cost of undertaking

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such maintenance obligations of Owner and its successors and the lien for such charges shall be apportioned among the fee owners of the various portions of the Site under different ownerships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned in fee by the owner who is liable for the apportioned lien and against no other portion of the Site. Owner acknowledges and agrees the Commission may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

(6) [Reserved.]

(7) Owner's Obligation to Refrain From Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or

herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Paragraph shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

(8) Covenants Run With the Land; Duration of Covenants. The covenants and agreements established in this Agreement shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the Commission and its successors and assigns. The covenants of this Agreement shall remain in effect through the Term, notwithstanding the repayment of the Loan by Owner prior to the Maturity Date. The covenants contained in Paragraph 7 of this Agreement shall remain in effect in perpetuity.

The Improvements to the curblin(e)s and the maintenance thereof touch and concern the Site and inure to the benefit of any and all present or successive owners of the Site. Therefore, whenever the word "owner" is used herein, it shall include the owner as of date of execution of this Agreement, and any and all successor owners or assigns of the Site, and the provisions hereof are expressly binding upon all such successive owners and assigns and the parties agree all such provisions shall run with the land. The Commission shall cause a fully executed copy of this Agreement to be recorded in the Office of the Los Angeles County Recorder. Notwithstanding the foregoing, in the event Owner or its successors or assigns shall convey its fee interest in all or any portion of the Site, the conveying owner shall be free from and after the date of recording such conveyance of all liabilities, respecting the performance of the restrictions, covenants or conditions contained in this Agreement thereafter to be performed with respect to the Site, or any part thereof, it being intended that the restrictions, covenants and conditions shall be binding upon the record owners of the Site only during such time as that person is the owner of the Site, provided that the conveying owner shall remain liable for any actions prior to the date of the conveyance.

(9) Enforcement. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the Commission shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the

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covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the Commission for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of the Commission is for the benefit of the real property owned by the Commission in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. the Commission shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for the Commission, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

(10) Compliance with Law. Owner shall comply with all Applicable Governmental Restrictions relating to the uses of or condition of the Site private improvements and public improvements to the curblin(e). Local laws for the purposes of this paragraph shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

(11) Indemnification and Insurance. Borrower, its Contractors, Subcontractors, and Design Professionals agree to indemnify, defend and save harmless Commission, its agents, officers and employees, from and against any and all liability, expenses, including reasonable attorney's fees and costs, as determined at the sole discretion of the Commission and claims for damages of any nature whatsoever, which claims arise directly or indirectly from or in connection with this Agreement, the Property of the Project, including, but not limited to Claims respecting bodily injury, death, damage, workers' compensation, liability or expense arising from or in connection with services performed by any person pursuant to this Agreement. Borrower agrees that all claims include but are not limited to, actions by any third parties for personal injuries, wrongful death, and or contractual disputes, excepting only any actions arising out of the active, or sole negligence or willful misconduct of Commission. This indemnification clause shall remain in force and effect following the expiration of the term of this Agreement.

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Borrower agrees to require its Contractors, Subcontractors, and Design Professionals to defend, indemnify, and hold harmless the Commission, its agents, officers and employees, from and against any and all liability, expenses, including reasonable attorney's fees and costs, as determined at the sole discretion of the Commission, and claims for damages of any nature whatsoever, which claims arise directly or indirectly from or in connection with the Property or the Project, including, but not limited to Claims respecting bodily injury, death, damage, workers' compensation, liability or expense arising from or in connection with services performed or materials provided, excepting only any actions arising out of the active, or sole negligence or willful misconduct of Commission.

Without limiting Borrower's indemnification of Commission provided in this Agreement, Borrower shall procure and maintain at its own expense the insurance described in this section for the time periods set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Suppliers (hereinafter "LESLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Borrower shall deliver satisfactory evidence of issuance of "all risk" property insurance described in (2) below and worker's compensation insurance described in (3) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will defend, indemnify, and hold harmless Commission, its elected appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified, and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance. Borrower shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance. Borrower represents and warrants that the insurance coverage required herein will also be provided by Borrower's Contractors, Subcontractors, and Design Professionals.

(a) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower

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and/or Borrower's Contractors, Subcontractors, Design Professionals, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to Commission. Borrower shall require Borrower's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by Commission from time to time, Borrower shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission. Whether written on an occurrence or claims-made basis, the policy(ies) shall be maintained from the execution of this Agreement until at least three (3) years after termination of this Agreement.

Professional liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Commission and its agents, officials, and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower and/or Borrower's Design Professionals. Said insurance shall be maintained for a period of not less than ten (10) years after the substantial completion of the Project. The policy shall contain a waiver of subrogation for the benefit of Commission.

(b) Property Insurance: "All Risk" property insurance. Coverage shall include, without limitation, insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others, all existing structures, improvements and fixtures on the Property. There shall not be a "co-insurance" clause. This insurance shall be maintained for the duration of this Agreement.

(c) Workers' Compensation: Borrower's employees, if any, Borrower's Contractors, Subcontractors, and Design Professionals and any affiliates or agents of Borrower shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident. This insurance shall be maintained for the duration of this Agreement.

(d) Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles. This insurance shall be maintained for the duration of this Agreement.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

All subsequent verifications or renewals of the coverage requirements stated above must be sent to the Commission with the following identifying information enclosed in order for these requirements to be deemed satisfied:

PROJECT: VILLA GARDENIAS SENIOR APARTMENTS
ADDRESS: 3965 E. Olympic Blvd. and 1141 S. Ditman Ave.,
Los Angeles, CA 90023
PROJECT NO: HE0091

Failure on the part of Borrower to procure or maintain the insurance coverage required in this Section 9.8 shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Borrower to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or the insurance Carrier.

(12) Bodily Injury and Site Damage Insurance Requirements. Owner shall indemnify, defend, assume all responsibility for and hold the Commission and its officers, employees, and agents harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys' fees and court costs), which result from any of Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after termination of this Agreement.

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available, its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

(13) Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default in accordance with Paragraph (16)e hereof. The defaulting party shall no longer be in default if the defaulting party cures such default within thirty (30) days after receiving the Default Notice; provided, however, that if such default cannot

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be reasonably cured within such thirty (30) day period, the defaulting party shall be given such longer period as reasonably necessary (which in the case of a default by Owner shall be as reasonably determined by the Commission) and the defaulting party shall no longer be in default if it commences to cure such default within such thirty (30) day period and completes such cure with reasonable and due diligence.

The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the Commission or Owner may have at law or at equity.

(14) Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and the Commission.

(15) Attorney's Fees. In the event of litigation arising out of any breach of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

(16) Miscellaneous Provisions.

a. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement.

b. Severability. Invalidation of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

c. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

d. Effective Date. This Agreement shall take effect upon its recording in the Office of Los Angeles County Recorder.

e. Notices. Formal notices, demands, and communications between the Commission and Owner shall be given either by personal service, by overnight courier, or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the principal offices of the Commission or Owner, as follows:

If to the Commission: Community Development Commission of the County of
Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission of the County of
Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Owner: Villa Gardenias Senior Housing L.P.
30950 Rancho Viejo Road, Suite 100
San Juan Capistrano, CA 92675

With a copy to: GSL Properties, Inc.
Attn: Walter O. "Skip" Grodahl, III
2164 SW Park Place
Portland, OR 97205

Notices shall be effective upon receipt, if given by personal delivery, the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

f. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

g. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

IN WITNESS WHEREOF, the Commission and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

COMMISSION:

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES, a public body corporate and
politic

By: _____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

OWNER:

VILLA GARDENIAS SENIOR HOUSING L.P.
A California Limited Partnership

By: _____

By: GSL Villa Gardenias Investors, LLC, An Oregon
Limited Liability Company, its Associate General Partner

By: _____

By: Foundation for Affordable Housing VIII, Inc.
A California non profit public benefit corporation, its
Managing General Partner

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 200_____, before me _____, Notary Public,
personally appeared _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 200_____, before me _____, Notary Public,
personally appeared _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 200_____, before me _____, Notary Public,
personally appeared _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal.

Signature_____

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION OF SITE

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Parcel 1:

That portion of Lot 173, Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 47, Page 65 of Maps, in the Office of the County Recorder of said County, and that portion of Lot 96 of the Verona Tract, in the County of Los Angeles, State of California, as per map recorded in Book 14, Page 80 of said Maps, described as a whole as follows:

Beginning at the Southwesterly corner of said Lot 96, which is also the Northwesterly corner of said Lot 173; thence North 0° 16' 56" West, along the Westerly line of said Lot 96, a distance of 3.20 feet; thence North 89° 52' 17" East 89.73 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 40.00 feet; thence Easterly along said curve, through an angle of 12° 37' 38", an arc distance of 8.82 feet to a point in the Southerly line of said Lot 96, distant Easterly along said Southerly line, 98.49 feet from said Southwesterly corner; thence continuing along said curve, Southeasterly through an angle of 77° 13' 09", an arc distance of 53.91 feet to a point in the Easterly line of said Lot 173, distant Northerly along said Easterly line, 2.48 feet from the Southeasterly corner of said Lot 173; thence Southerly, along said Easterly line, 2.48 feet to said Southeasterly corner; thence Westerly, along the Southerly line of said Lot, to the Southwesterly corner of said Lot 173; thence Northerly, along the Westerly line of said Lot 173, to the point of beginning.

Except therefrom all minerals, oils, gases and other hydrocarbons by whatsoever name known that may be within or under the parcel of land hereinabove described without, however, the right to drill, dig or mine through the surface thereof, as provided in Director's Deed recorded May 31, 1963, as Instrument No. 2947, Official Records.

Parcel 2:

Lots 174, 175, 176 and 177 of Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 47, Page 65 of Maps, in the Office of the County Recorder of said County.

Parcel 3:

Lots 170, 171, 178 and 179 of Tract No. 3840, in the County of Los Angeles, State of California, as per map recorded in Book 46, Page(s) 41 and 42 of Maps, and in Book 47, Page 65 of Maps, in the County of Los Angeles, State of California, in the Office of the County Recorder of said County.

Excepting therefrom the West 10 feet of said Lot 170, more particularly described as follows:

Beginning at the Southwest corner of said Lot 170; thence North 0° 10' 55" West 40.00 feet to the Northwest corner of said Lot 170; thence along the North line of said Lot, North 89° 50' 30" East 010.00 feet to a line parallel with and distant Easterly to 10.00 feet, measured at right angles, from the West line of said Lot 170; thence along said parallel line, South 0° 10' 55" East 40.00 feet to the South line of said Lot 170; thence along said South line, South 89° 50' 30" West 10.00 feet to the true point of beginning.

Also excepting therefrom that portion of said Lot 171, described as follows:

Beginning at the Southwest corner of said Lot 171; thence North 0° 20' 55" West 40.00 feet to the Northwest corner of said Lot 171; thence along the North line of said Lot, North 89° 50' 30" East 10.00 feet to a line parallel with and distant Easterly 10.00 feet, measured at right angles from the Westerly line of said Lot 171; thence along said parallel line, South 0° 10' 55" feet to a point distant Northerly 17.00 feet from the Southerly line of said Lot 171; thence South 45° 10' 12" East 24.05 feet to a point in said Southerly line of Lot 171, said point distant Easterly 27.00 feet from said Southwest corner of said Lot 171; thence along said Southerly line, South 89° 50' 30" West 27.00 feet to the true point of beginning.

Also except from said Lot 170, all oil, and mineral rights below a plane of 300 feet from the surface of said land without the right to drill, mine, explore and operate through the surface of the upper 300 feet of the subsurface of said land, as excepted in deed by Aida Berry, a single woman, recorded August 2, 1972, as Instrument No. 748, Official Records.

Also excepting therefrom all oil, gas and other minerals (including, without limitation, helium, lignite, sulfur, phosphate and other solid, liquid and gaseous substances), regardless of the nature thereof and whether similar or dissimilar but only to the extent any of the foregoing is in its natural state and natural location and not subject to the dominion and control of any person, and all mineral and royalty rights whatsoever in, on and under said land, but without the right of surface entry, as reserved in deed recorded September 22, 1998, as Instrument No. 98-1714200, Official Records.

Assessor's Parcel Number: **5242-006-015,016**

EXHIBIT "B" TO CC&Rs

Community Development Commission of the County of Los Angeles **ORDINARY MAINTENANCE AND REPAIRS**

Ordinary maintenance is the routine work of keeping the buildings, grounds, and equipment in such condition that they may be utilized continually at their original or designed capacities and efficiencies for their intended purposes. Minor repair is the restoration of the facility to a condition substantially equivalent to its original capacity. Minor replacement is the substitution of component parts of equipment to extend its useful life.

In order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. "Grounds" includes lawns, roads, walks and other paved areas, trees and plants, fences, play areas, drainage facilities, etc. "Buildings" includes roofs, attic spaces, gutters and downspouts, walls, porches, foundations, crawl spaces, windows, floors, doors, etc. "Equipment" covers all items such as utility lines and piping, heating and plumbing equipment, pumps and tanks, ranges and refrigerators, tools, etc.

Set forth below are the standards for the degree of maintenance, repair and cleaning necessary to qualify as "safe, decent and sanitary." The Standards describe the minimum level of cosmetic repair and degree of cleanliness necessary to effectively market the dwelling units and to satisfy the needs of prospective residents. In brief, rental units are to be free of all defects (as described herein) and have an appealing and desirable appearance.

EXTERIOR PROPERTY AREAS

- A. Sanitation. Yards shall be clean and sanitary. All rubbish, garbage, trash, litter, debris, and abandoned personal property are to be removed from the grass, walks, steps, parking areas, and other grounds, as well as the roofs, gutters and window wells.
- B. Lawn Maintenance. Grounds shall be examined for proper drainage and, if necessary, graded to prevent the accumulation of stagnant water and to prevent water from seeping into building structures. All soil areas shall be sodded or seeded, as necessary, to prevent erosion, except garden areas at scattered sites. Weeds, saplings and uncut grass along the foundations of the house and garage, the fences, the walks, the parking areas, the sidewalk expansion joints and the window wells are to be removed. All grounds are to be free of noxious weeds. Bushes, hedges and trees are to be trimmed, if necessary. Grass shall be cut as often as necessary so that it does not exceed five (5) inches in height. The yard will be raked, as necessary.

- C. Walks and Steps. Cracks and Breakage. All front walks, sidewalks, rear walks, steps, driveways and parking pads shall be maintained in such a manner that there are no cracks or heaves large enough to create a safety hazard. Remove chipped and loose pieces of concrete and asphalt, as needed. Remove all graffiti.

EXTERIOR STRUCTURES -- DWELLING AND GARAGE

- D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.
- E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".
- F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.
- G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.
- H. Faucets. Faucets and handles shall work properly.
- I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.
- J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately.

Those deficiencies that are discovered during the winter that require warm weather to properly correct are to be noted for summer repair.

INTERIOR PROPERTY AREAS

- K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or less are to be filled if they are present in sufficient number to give the surface an undesirable appearance. All patches are to be sanded smooth. All wet plaster

shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.

- L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.
- M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.
- N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mod. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Reputty the windows, if necessary. Window locks and other hardware shall function properly.
- O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.
- P. Plumbing Fixtures.
 - i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off." Each faucet shall have a properly installed and functioning aerator, if so designed.
 - ii. Drains shall be tested by a 30-second luke warm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.
 - iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.
 - iv. Toilets shall operate properly. Toilet seats and covers shall be in "like new" condition with no surface finish loss whatsoever.

- v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.
- Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.
- R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.
- S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.
- T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.
- U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.
- V. Attic. Accessible attics shall be free of litter.
- W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.
- X. Pest Control. The Site shall be free of all insect vermin. Remove all insect vermin. Inspect for other vermin and exterminate, if necessary.

EXHIBIT "C" TO CC&Rs

Community Development Commission of the County of Los Angeles
ANNUAL INSPECTION STANDARDS

In order to ensure that all units are maintained in a safe, sanitary, decent condition, the Commission shall conduct a planned annual physical inspection of each dwelling unit, every building, and all other facilities with a record of any item requiring repair or replacement. This will include such items as plaster repairs, painting, termite inspection, roof deterioration, overloading of electric circuits, corrosion control, floors, windows and screens, ranges, refrigerators, fixtures and equipment. The inspection shall be made to the following standard:

DWELLING UNIT -

FLOORS (CARPET): Clean; no tears; no readily noticed marks or stains.

FLOORS (VINYL TILE): Clean; unbroken; no cracks; no unmatched tiles.

WALLS (PAINTED): Clean; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

WALLS (CERAMIC TILE): Tiles in place, secure, uncracked, unmarked (and free of paint); grout intact, uncracked, clean; covering at floor intact, clean.

CEILINGS (SPACKLED): Clean, consistent texture; no marks; no surface breaks.

WINDOWS: Clean; glass unbroken, uncracked; frames secure; latches secure and easily operated; movable parts operate smoothly and easily; screens in place, untorn, movable parts operate smoothly and easily; weather stripping intact and secure.

DRAPES: In place; clean, uniform appearance; no holes, tear; operating mechanism in place, opens/closes smoothly and easily.

DOORS: Door and jambs intact and secure; surface unbroken and with uniform, finished appearance; hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

CLOSET FIXTURES: Rods, shelves in place, clean, unbroken and unmarked.

ELECTRIC RECEPTACLES AND WALL SWITCHES: Fixtures and cover plates intact and unbroken; 110 volt service available; surfaces clean with no evidence of burns on the cover plates. Bathroom and kitchen receptacles protected by Ground Fault Interrupters.

LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

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HEATING, AIR COOLING EQUIPMENT: Thermostat operating properly (room temperature within 5 degrees of setting); heating zone valve leak-free; base-board heating fixtures intact, clean.

VENTILATION FANS/HOODS: Fans and lights operable without excessive noise or vibration; filters in place, intact and clean.

KITCHEN CABINETS: Doors, drawers, shelves and hardware in place, clean, intact; surfaces of smooth, unbroken, uniform appearance; all movable parts operate smoothly and easily.

KITCHEN COUNTERTOPS: Surface smooth, unbroken, unmarked, uniform color.

KITCHEN RANGE: External and internal surfaces intact and clean (including under top cover); controls function smoothly and easily, surface burners, bake and broil elements ignite and maintain design performance; doors and drawers operate smoothly and easily.

GARBAGE DISPOSER: Clean, intact, working properly without excessive noise; splashguard in place, intact, firm.

SINKS: Faucets operate providing a sufficient flow of water (2 to 3 gallons/minute) and shut off free of drips; no evidence of water leakage on top of sink or at drain under sink; drains flow freely with no backup with faucets open fully; sink surface clean, unbroken with no marks or discoloration.

BATHTUB/SHOWER: Faucets operate providing a sufficient flow of water (3 to 5 gallons/minute) and shut off free of drips; drains flow freely with no backup with faucets open fully; tub surface clean, unbroken with no marks or discoloration; grout intact, clean and unbroken; hot water temperature between 105 and 120 degrees (110 degrees at the tap recommended).

MEDICINE CABINET: In place, intact, mounted securely; surface unbroken; mirror intact, clean, uncracked; shelves in place, clean, intact; door intact, operates smoothly and easily, closes securely.

BATHROOM SINK COUNTERTOP: Clean, intact; surfaces of smooth, unbroken, uniform appearance.

BATHROOM TOWEL BARS, GRAB BARS, SOAP DISH AND TOILET PAPER HOLDER: In place, clean, intact and secure.

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

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SMOKE DETECTORS: Operate when tested with approved smoke-tester.

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

INTERCOM AND REMOTE DOOR OPENER: Audible transmission and effective door latch operation.

COMMON AREAS, GROUNDS AND STRUCTURES -

LOBBY AND HALLWAY FLOORS (CARPET): Free of obstruction and litter; clean; no tears, marks, stains; carpet seams secure.

LOBBY AND HALLWAY FLOORS (VINYL TILE): Free of obstruction and litter; clean; unbroken; no cracks; no unmatched tiles.

WALLS AND CEILINGS (PAINTED): Clean; free of defacing; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

INTERIOR AND EXTERIOR LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

DOORS: Door and frames intact and secure; surface unbroken and with uniform, finished appearance (free of defacing); hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

MAILBOXES: Clean; clearly labeled; individual boxes secure.

FIRE EXITS: Doors and exits smoothly and easily operable; signs clearly marked, visible secure and intact.

UNIT ENTRANCES: Unit number clearly identified; doors secure (see Unit Inspection Form).

TRASH ROOMS, MAINTENANCE SHOP AND STOREROOM AND UTILITY ROOMS: Clean, free of odors; doors in place and secure; stored items orderly.

FIRE ALARM SYSTEMS: Inspected by safety inspectors within specified frequency.

FIRE EXTINGUISHERS: In place; filled; inspected with specified frequency.

ELEVATORS: Odor-free; floors and walls of cab clean, free of defacing, smooth, unbroken surface (no holes), no marks; doors working properly; floor buttons working properly; floor number clearly marked and visible in each hallway at the elevator exit; ventilation fan operating quietly; emergency call system functioning as designed; equipment inspected and maintenance work performed on contract schedule.

DRIVEWAYS AND PARKING LOTS: Clean; litter and graffiti-free; free of obstructions (especially abandoned or inoperable vehicles); surface unbroken, free of oil stains; painted stripes clearly visible; handicapped parking signs clearly visible.

GROUND AND STRUCTURES

SIDEWALKS AND STAIRWELLS: Clean; litter and graffiti-free; free of obstructions; smooth, unbroken surface (free of tripping hazards).

UTILITY METERS: Intact, covers secure.

TRASH AREAS: Free of debris; containers and covers secure, free of graffiti, in good repair.

ROOFS: Surface unbroken; no sign of puddling; free of litter, foreign objects; flashing intact and sealed; stacks and vents free of obstruction; gutters and downspouts clean, clear and secure.

LAWNS: Grass trimmed to no more than 3" high; litter-free; borders edged; weed-free; no bare spots.

TREES AND SHRUBS: Trimmed and pruned in season; no obstruction of walkways or overhang.

EXHIBIT "D" TO CC&RS

Community Development Commission of the County of Los Angeles
PREVENTATIVE MAINTENANCE STANDARDS

Preventive maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventive maintenance reduces long-range operating costs and lessens the necessity for major restorations and improvements. Preventive maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the tenants (pursuant to California Health & Safety Code .17910 *et seq.*):

Scheduled checking, adjusting, cleaning, and lubricating heating equipment.

Periodic inspection of ranges, hot water heaters, and space heaters for mechanical performance and for needed replacement of worn or broken parts.

Inspecting, servicing, and replacing worn parts in electro-mechanical equipment.

Checking and repairing plumbing fixtures, toilet tanks, drains, condition of porcelain, etc.

Termite and vermin inspection and elimination, by a Commission licensed firm.

Periodic interior and exterior painting.

Inspecting and patching roofs, gutters, downspouts, and flashing.

Inspecting underground facilities for corrosion and control thereof.

Inspecting for condensation, dampness, and fungus in wood and for rust in iron components and taking appropriate corrective measures.

Patching paved surfaces and sealcoating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

Installing protective barriers, where needed, for planted areas and trees.

Checking fire safety equipment for operable use.

Caulking around bathtubs, tiles, countertops, windows, and doors to avoid water damage.

Administration and implementation of the preventative maintenance program shall be performed on the following schedule or a schedule approved by the Commission prior to implementation:

- | | | |
|-----|--|----------|
| 1. | Annual Dwelling Inspections and Corrections | 1 year |
| 2. | Heating Furnace Services: | |
| | Minor Inspections and Services | 3 months |
| | Major Inspections and Services | 2 years |
| 3. | Fire Extinguisher and Alarm Inspections and Services | 1 month |
| 4. | Range Hood and Motor Inspections and Services | 1 year |
| 5. | Project Site Inspections and Corrections | 1 year |
| 6. | Roofing Inspections and Corrections | 1 year |
| 7. | Project Fencing Inspection | 1 year |
| 8. | Security Lighting Inspections and Services | 1 year |
| 9. | Trees and Shrubbery Inspections and Corrections | 1 year |
| 10. | Water Heater Inspections and Services | 1 year |
| 11. | Sewer Lift Station Inspections and Services | 6 months |
| 12. | Septic Tank Inspections and Services | 1 year |
| 13. | Street Pavement Inspections and Corrections | 1 year |
| 14. | Weather Stripping and Caulking | 1 year |
| 15. | Interior Painting of Units | 5 years |
| 16. | Exterior Painting of Units: | |
| | Wood siding and trim | 3 years |
| | Brick walls, stucco walls and steel sash | 5 years |

EXHIBIT "E TO CC&RS

SUPPORTIVE SERVICES PLAN

Supportive Services will be performed by Foundation for Affordable Housing VI, Inc., a 501(c)(3) non-profit corporation dedicated to improving the quality of life for our residents. Maggie Rattray, the Executive Director of Resident Services, will have responsibility for the implementation. Her resume is included in Attachment I.2.

Maggie will seek a mature, experienced person with strong people skills to be the services coordinator (the "Coordinator"). The property will provide a coordinator's office on site, with posted office hours for scheduling resident appointments and a community room for group and individual activities.

If possible, the Coordinator will have a degree in Social Work, Family Services, Psychology, Public Health, or a Professional Services Coordinator certificate from the American Association of Services Coordinators. We will seek a Coordinator with the following knowledge, experience, and capabilities:

- Working knowledge of local agencies and services.
- Experience in recognizing and addressing issues such as drug and alcohol abuse, domestic violence, physical, developmental, and mental disabilities, and financial problems
- Ability to assess needs and direct residents to the appropriate agency or service provider.
- Experience in resident advocacy
- Organizational ability, problem solving skills, and verbal and written communication proficiency
- Ability to work well with a culturally diverse population.
- Experience in program development (i.e. wellness, recreational, or other such activities that respond to the needs of the residents).

The Coordinator may provide or facilitate access to the following:

- Educational, lifestyle, recreational, health and wellness programs
- Activities that build community involvement among residents and the surrounding neighborhood

- Recruitment, scheduling, and oversight of volunteer assistance.
- Speakers to talk to residents on topics of interest to seniors
- Flyers, newsletters and other publications
- Limited case management.
- Interaction with the two local senior centers
- On-site services from local food banks and low-cost meal providers
- Linkage to assistance programs provided by faith based organizations
- Access to translation services

Working closely with the on-site management staff, the Coordinator will endeavor to create programs responsive to resident preferences and issues. The aim is to offer services that engage residents in life-enhancing, community-building activities; to address problems early on; and, to provide access to assistance. In short, our goal in implementing supportive services is to create a safe, comfortable, enjoyable environment for our residents.

EXHIBIT "F" TO LOAN AGREEMENT

PROJECT DESCRIPTION

(HOME LOAN-PROJECT NO. HE0091)

Development Design

The Villa Gardenias development will be a Type V- wood construction over a Type I parking garage. In order to accentuate a pedestrian feel on the street, large glass walls and an arcade wrap the ground floor. An architectural reveal separates this pedestrian zone from the residential floors above, allowing each to maintain a different character. Within those upper three floors, the mass of the building is broken down to a human scale as the design undulates between tall plaster towers with sloped roofs and glass smoking balconies, and horizontal pop outs clad in hardiboard and cantilevered balconies.

There are 125 apartment units, totaling roughly 75,000 square feet. Whether a 1-bedroom or 2-bedroom, each unit provides a full kitchen, bath, and balcony or patio, all units will be adaptable to ADA accessibility requirements.

Three community rooms are scattered throughout the project, two at the ground floor and one on the roof. The large community room on the ground floor is approximately 5,000 square feet, and the library is 955 square feet. The large community room has a kitchen, fitness center, learning center and restrooms. The library will have a coffee bar and opens onto an outdoor patio. The community room on the roof opens onto a 1,600 square foot roof deck with views in three directions. A laundry room is also provided on the ground floor and each residential floor of each building.

A secured driveway that crosses the site between buildings provides access to underground parking, seniors' drop-off/pick-up, and the residential main entrance. The gates at either end of the driveway will be locked during surrounding retail off-business hours. High fences between each building throughout the site have self-locking gates to prevent intrusion, but are tastefully set back behind the building face and nestled in with tall landscaping.

While the underground garage provides 105 residential parking spaces, 16 guest parking spaces, and sliding gate in order to maintain security for the residents. All elevators are accessible from the basement.

Villa Gardenias will be developed on an L-Shaped vacant lot that is 1.14-acre and has a level topography. The development consists of four multi-story buildings, to include a large common area, library, office, laundry, and 125 senior residential units. The southernmost building will contain the common area, library, office and laundry area on the ground floor and three stories of residential units. A driveway is shown from Hicks Avenue to Ditman Avenue. This driveway accesses the underground parking structure, which will contain 121-parking spaces. An emergency stairwell for the underground parking structure is shown along Ditman Avenue, with a 9-foot decorative wrought iron enclosure. Approximately 6,750 square feet of landscaping will be provided throughout the site. A seven (7) foot, solid masonry wall topped with three feet of woven iron mesh and wrought iron fencing is shown along the boundary between the subject property and the residential property to the west. Security gates are shown throughout the project. The exterior doors will have keypads that require key codes to gain access. The proposed buildings will be 47 feet in height. Amenities, such as laundry facilities, on-site manager, maintenance person, a roof top deck, fitness center and main lounge with a kitchen, will be included.

EXHIBIT "G" TO LOAN AGREEMENT
SITE PLANS AND ELEVATIONS
(HOME LOAN-PROJECT NO. HE0091)

OLYMPIC AND OLYMPIA
LOS ANGELES, CA

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EXTERIOR ELEVATIONS

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VILLA GARDENIAS

LOS ANGELES, CA

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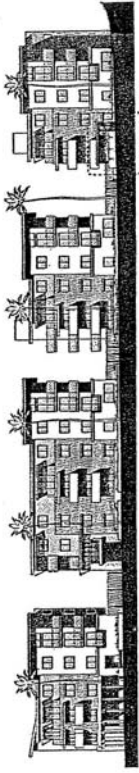
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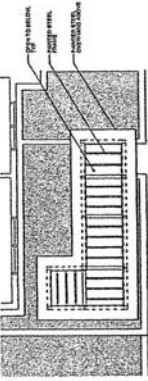
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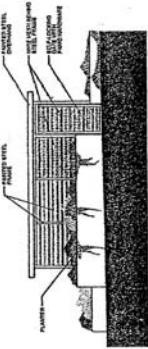
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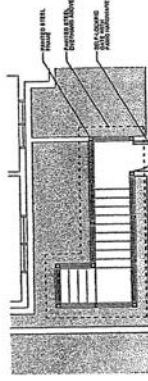
EAST ELEVATION FOR STAIR REFERENCE



PLAN

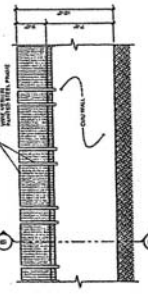


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WEST ELEVATION FOR STAIR REFERENCE



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VILLA GARDENIAS

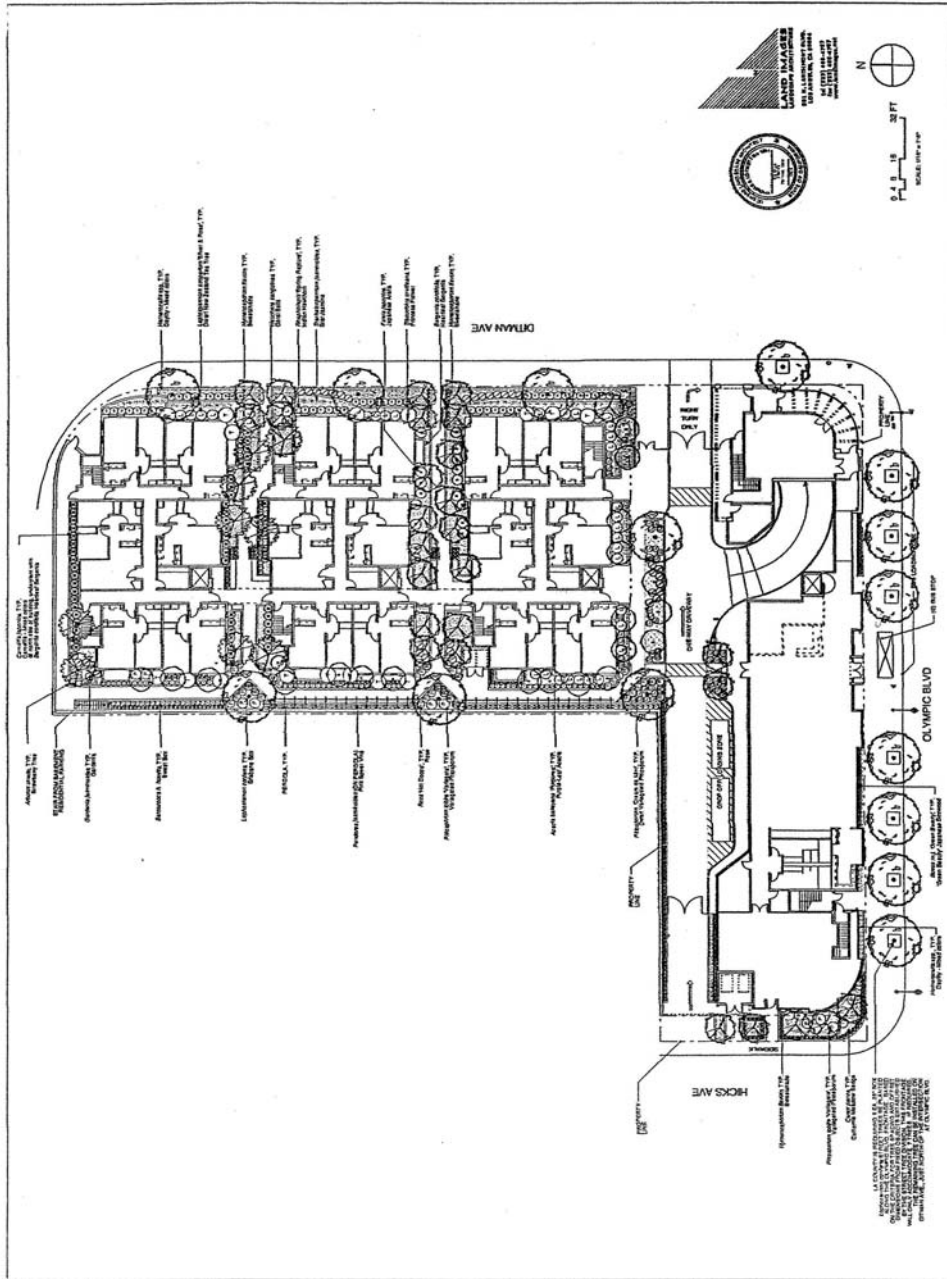
LOS ANGELES, CA

LANDSCAPE ARCHITECTS, INC.

1. SITE PLAN	2. LANDSCAPE PLAN	3. PLANTING PLAN	4. IRRIGATION PLAN
5. EROSION CONTROL PLAN	6. LIGHTING PLAN	7. FENCE PLAN	8. SIGNAGE PLAN
9. UTILITY PLAN	10. CONSTRUCTION DETAILS	11. MATERIALS SPECIFICATIONS	12. MAINTENANCE SCHEDULE
13. COST ESTIMATE	14. CLIENT AGREEMENT	15. PROJECT MANUAL	16. PERMIT APPLICATIONS
17. AS-BUILT DRAWINGS	18. FINAL REPORT	19. PROJECT CLOSEOUT	20. CLIENT SATISFACTION SURVEY

LANDSCAPE PLAN

L100



VILLA GARDENIAS

CLARK AND O'NEILL
LOS ANGELES, CA

CL PROPERTIES, INC.

CLARK AND O'NEILL
LOS ANGELES, CA

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CLARK AND O'NEILL
LOS ANGELES, CA

CLARK AND O'NEILL
LOS ANGELES, CA



0 4 8 16 32 FT

NEIGHBORHOOD PLAN

SCALE 1"=40'

DATE 08/20/11

BY 08/20/11

08/20/11

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VILLA GARDENIAS

OLYMPIAN AND OLYMPIAN
LOS ANGELES, CA

001 PROJECT NO. 100

001 PROJECT NO. 100
002 SHEET NO. 100
003 DATE: 01/10/2018
004 DRAWN BY: J. L. LEE
005 CHECKED BY: J. L. LEE
006 APPROVED BY: J. L. LEE

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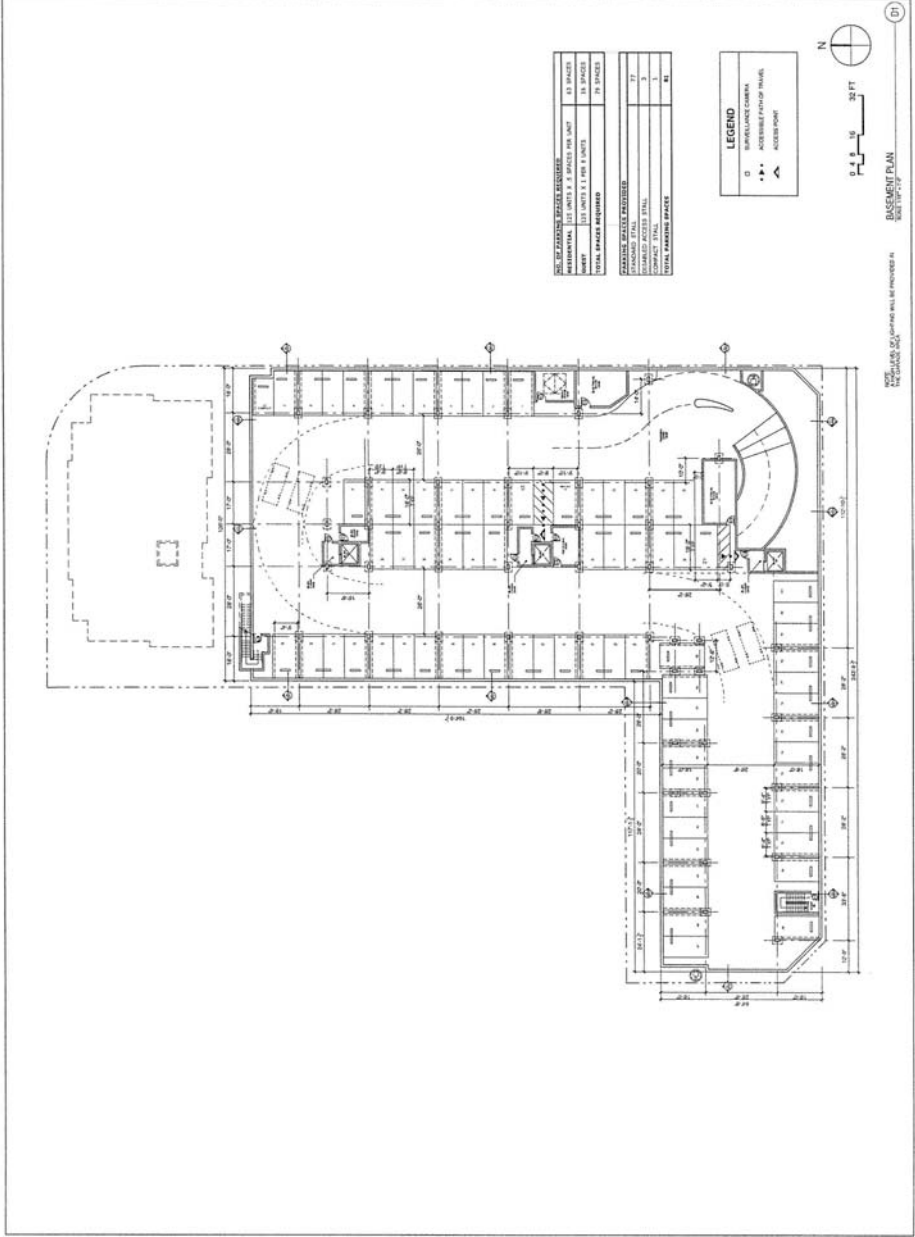
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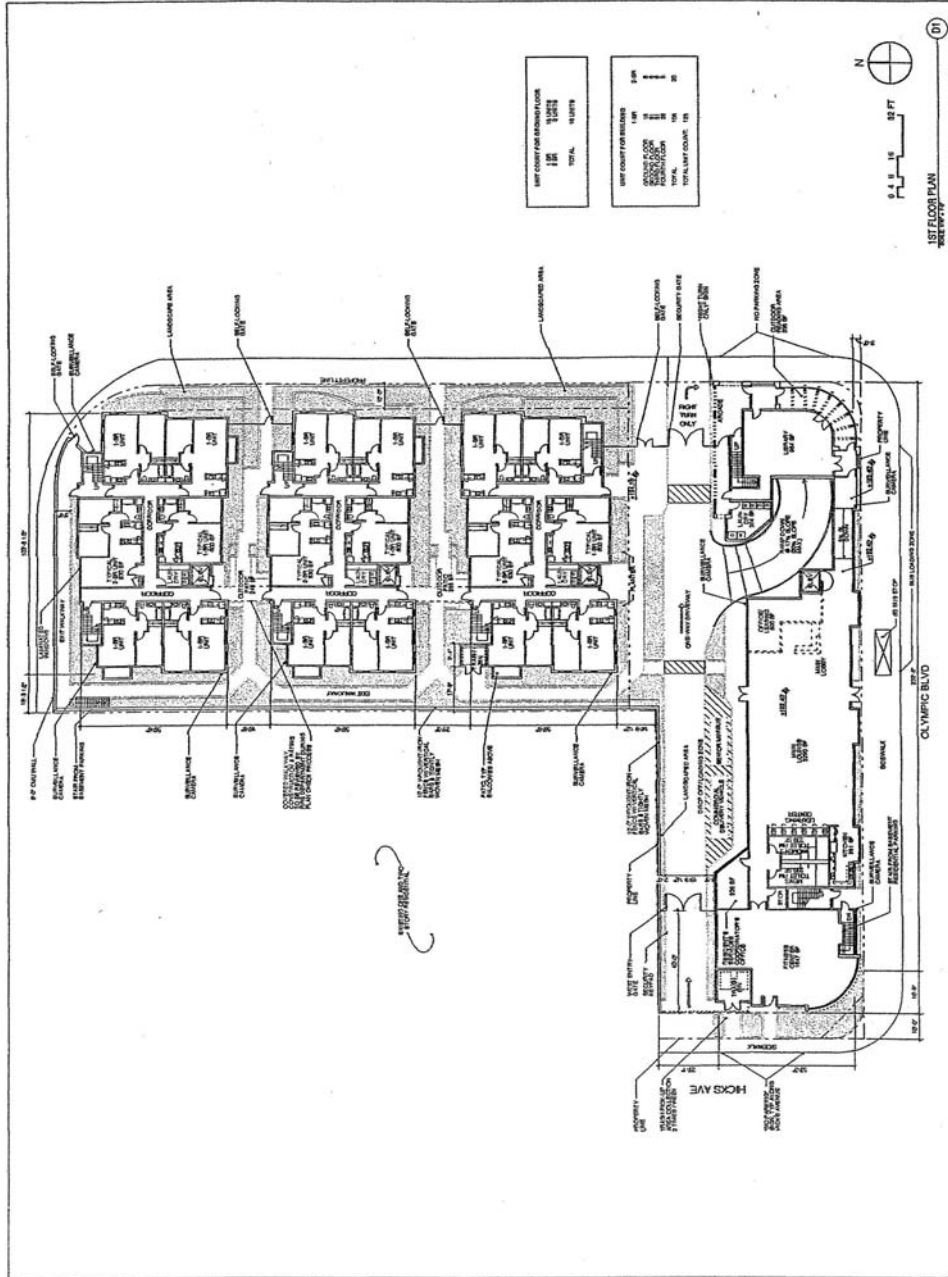
VILLA GARDENIAS

CLARK & CLARK
ARCHITECTS
LOS ANGELES, CALIF.

01. PROPOSED PLAN

NO. OF UNITS: 24	NO. OF STORIES: 3
NO. OF GARAGES: 24	NO. OF STORIES: 3
NO. OF PARKING SPACES: 24	NO. OF STORIES: 3
NO. OF BICYCLE SPACES: 24	NO. OF STORIES: 3
NO. OF STORAGE SPACES: 24	NO. OF STORIES: 3
NO. OF LOUNGE SPACES: 24	NO. OF STORIES: 3
NO. OF OFFICE SPACES: 24	NO. OF STORIES: 3
NO. OF RETAIL SPACES: 24	NO. OF STORIES: 3
NO. OF RESTAURANT SPACES: 24	NO. OF STORIES: 3
NO. OF THEATER SPACES: 24	NO. OF STORIES: 3
NO. OF GYMNASIUM SPACES: 24	NO. OF STORIES: 3
NO. OF SWIMMING POOL SPACES: 24	NO. OF STORIES: 3
NO. OF TENNIS COURT SPACES: 24	NO. OF STORIES: 3
NO. OF GOLF COURSE SPACES: 24	NO. OF STORIES: 3
NO. OF OTHER SPACES: 24	NO. OF STORIES: 3
NO. OF TOTAL SPACES: 24	NO. OF STORIES: 3

01. PROPOSED PLAN
FIRST FLOOR PLAN
A102



NO. OF UNITS: 24	NO. OF STORIES: 3
NO. OF GARAGES: 24	NO. OF STORIES: 3
NO. OF PARKING SPACES: 24	NO. OF STORIES: 3
NO. OF BICYCLE SPACES: 24	NO. OF STORIES: 3
NO. OF STORAGE SPACES: 24	NO. OF STORIES: 3
NO. OF LOUNGE SPACES: 24	NO. OF STORIES: 3
NO. OF OFFICE SPACES: 24	NO. OF STORIES: 3
NO. OF RETAIL SPACES: 24	NO. OF STORIES: 3
NO. OF RESTAURANT SPACES: 24	NO. OF STORIES: 3
NO. OF THEATER SPACES: 24	NO. OF STORIES: 3
NO. OF GYMNASIUM SPACES: 24	NO. OF STORIES: 3
NO. OF SWIMMING POOL SPACES: 24	NO. OF STORIES: 3
NO. OF TENNIS COURT SPACES: 24	NO. OF STORIES: 3
NO. OF GOLF COURSE SPACES: 24	NO. OF STORIES: 3
NO. OF OTHER SPACES: 24	NO. OF STORIES: 3
NO. OF TOTAL SPACES: 24	NO. OF STORIES: 3

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N
1ST FLOOR PLAN
A102

VILLA GARDENIAS

CLARK HICKSON
LOS ANGELES, CA

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DATE: 01/11/00
BY: J. HICKSON
CHECKED: J. HICKSON
APPROVED: J. HICKSON

REVISIONS:
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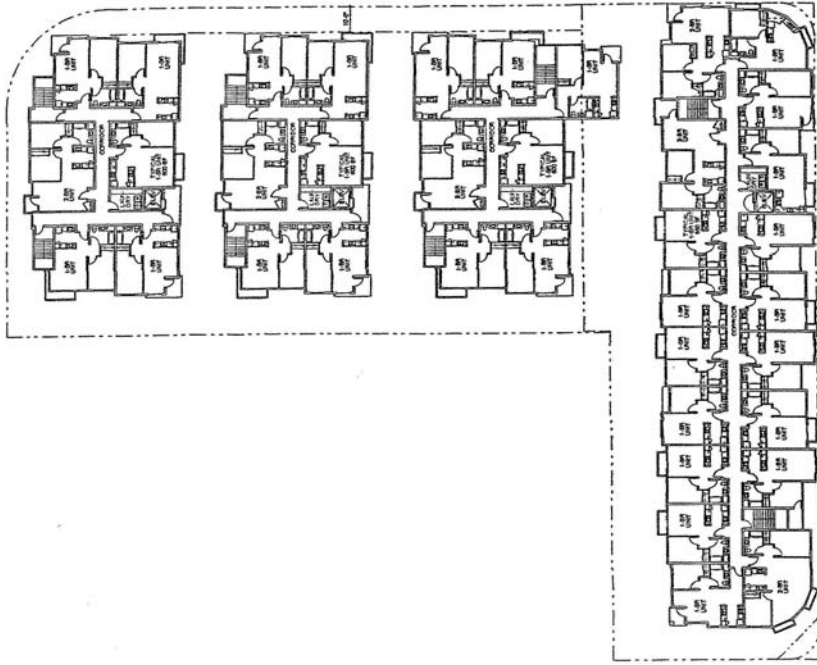
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THIRD FLOOR PLAN
SECTION 104

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VILLA GARDENIAS

OLYMPIC LAND COMPANY
LOS ANGELES, CA

OR. PROJECTS, INC.

THE ARCHITECTS OF RECORD FOR THE PROJECT ARE:
ARCHITECTS OF RECORD
1000 WEST 10TH STREET, SUITE 100
LOS ANGELES, CALIFORNIA 90015
TELEPHONE (213) 475-1111
FAX (213) 475-1112

THE ARCHITECTS OF RECORD FOR THE PROJECT ARE:
ARCHITECTS OF RECORD
1000 WEST 10TH STREET, SUITE 100
LOS ANGELES, CALIFORNIA 90015
TELEPHONE (213) 475-1111
FAX (213) 475-1112

THE ARCHITECTS OF RECORD FOR THE PROJECT ARE:
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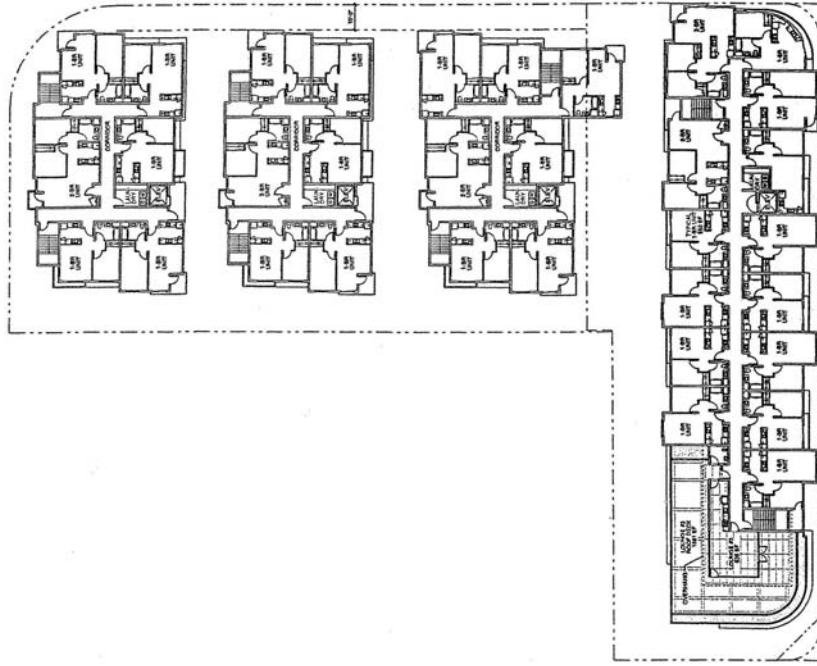
THE ARCHITECTS OF RECORD FOR THE PROJECT ARE:
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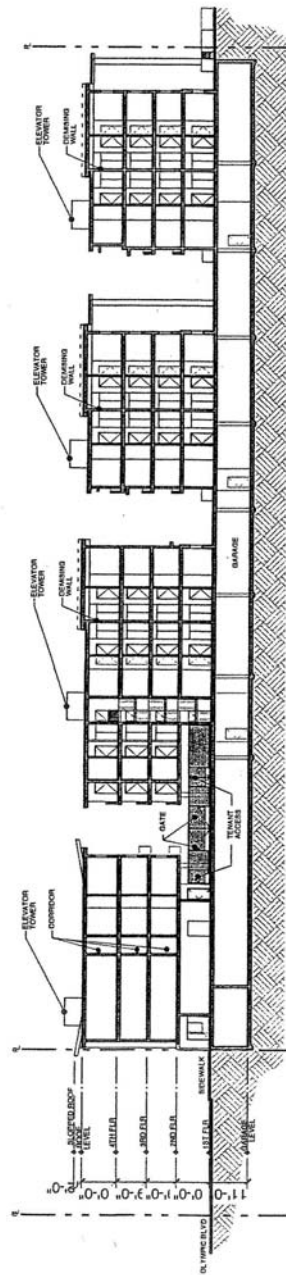


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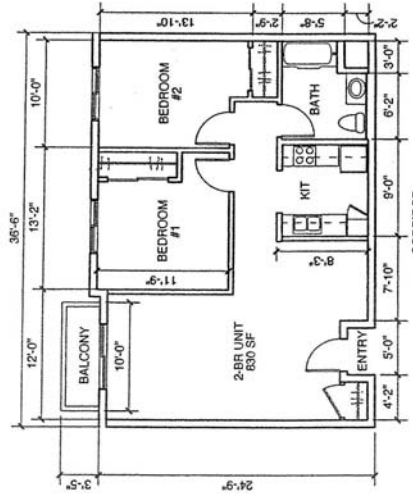
4TH FLOOR PLAN
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UNIT COUNT	TOTAL	STAIRS
12	12	12
TOTAL	12	12

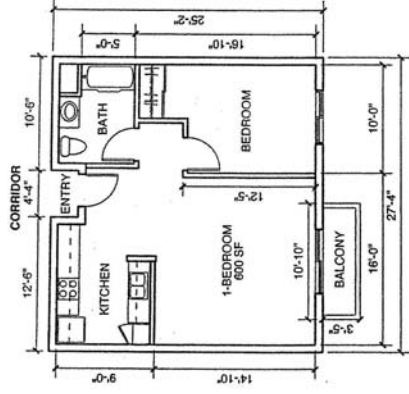




BUILDING SECTION LOOKING EAST
SCALE: 1/32" = 1'-0"



1
TYPICAL 2-BEDROOM UNIT
SCALE : 1/8" = 1'-0"



2
TYPICAL 1-BEDROOM UNIT
SCALE : 1/8" = 1'-0"

EXHIBIT "H" TO LOAN AGREEMENT

DEVELOPMENT PROFORMA

(HOME LOAN-PROJECT NO. HE0091)

B.4 Development Budget

Villa Gardenias Senior Apartments

	Total	Residential	Non-Residential	Eligible Basis		Residential Cost/Unit
				New Construction / Rehab	New Construction/ Bonds	
	100.00%		0.00%			
Acquisition						
Total Land Cost	3,350,000	3,350,000	0		0	26,800
Existing Improvements Value	0	0	0		0	0
Acquisition Legal	0	0	0		0	0
Total Acquisition Costs	3,350,000	3,350,000	0		0	26,800
Construction						
Demolition	0	0	0		0	0
Toxic Abatement	0	0	0		0	0
Offsite Improvements	200,000	200,000	0		0	1,600
On-site Improvements attributable to unusual conditions	1,007,469	1,007,469	0		1,007,469	8,060
Landscaping and Irrigation	0	0	0		0	0
Structures	13,477,455	13,477,455	0		13,477,455	107,820
Parking	0	0	0		0	0
General Requirements	683,739	683,739	0		683,739	5,470
Contractor Profit and Overhead	911,652	911,652	0		911,652	7,293
General Liability Insurance	200,000	200,000	0		200,000	1,600
Construction Bond	250,000	250,000	0		250,000	2,000
Total Construction Costs	16,730,315	16,730,315	0		16,530,315	133,843
Architectural Fees						
Design/Supervision	445,850	445,850	0		825,000	3,567
	0	0	0		0	0
Total Architectural Costs	445,850	445,850	0		825,000	3,567
Survey & Engineering						
Total Survey & Engineering	379,150	379,150	0		0	3,033
Construction Interest & Fees						
Const. Loan Interest	659,333	659,333	0		659,333	5,275
Origination Fee	126,000	126,000	0		126,000	1,008
Costs of Bond Issuance						
a) Financing Fee	56,250	56,250	0		56,250	450
b) Inspection Fees	50,000	50,000	0		50,000	400
c) Issuer Fee	18,750	18,750	0		0	150
d) Issuer Financial Advisor	30,000	30,000	0		0	240
e) Bond Counsel	0	0	0		0	0
f) Lender Origination/LOC Fee	0	0	0		0	0
g) Lender Counsel	0	0	0		0	0
h) Rating	0	0	0		0	0
i) Trustee Fee	5,000	5,000	0		0	40
j) Trustee Counsel	2,500	2,500	0		0	20
k) Printing	2,000	2,000	0		0	16
l) CDLAC Fees	0	0	0		0	0
m) COI Contingency	0	0	0		0	0
Payment & Performance Bond	0	0	0		0	0
Taxes	30,000	30,000	0		30,000	240
Insurance	40,000	40,000	0		40,000	320
Title and Recording	102,642	102,642	0		102,642	821
Total Construction Financing Costs	1,444,905	1,122,475	0		1,064,225	8,980
Permanent Financing						
Loan Origination Fee	68,000	68,000	0		0	544
Issuer Fee	18,750	18,750	0		0	150
Title and Recording	12,358	12,358	0		0	99
Other:	0	0	0		0	0
Total Permanent Financing Costs	99,108	99,108	0		0	793

Legal Fees						
Lender Legal Pd. by Applicant	130,000	130,000	0		0	1,040
Other (Specify): Syndication	40,000	40,000	0		0	320
Other (Specify): Transaction	0	0	0		0	0
Total Attorney Costs	170,000	170,000	0		0	1,360
Reserves						
Operating Reserves	236,315	236,315	0		0	1,891
Other: Rent Reserves	10,000	10,000	0		0	80
Other:	0	0	0		0	0
Total Reserve Costs	246,315	246,315	0		0	1,971
Appraisal						
Total Appraisal Costs	10,000	10,000	0		10,000	80
Contingency						
Hard Cost Contingency	814,178	814,178	0		814,178	6,513
Soft Cost Contingency	150,000	150,000	0		150,000	1,200
Total Contingency Costs	964,178	964,178	0		964,178	7,713
Other						
TCAC App/Alloc/Monitor Fees	50,000	50,000	0		0	400
Environmental Audit	21,000	21,000	0		21,000	168
Local Development Impact Fees	0	0	0		0	0
Permit Processing Fees	665,000	665,000	0		665,000	5,320
Marketing	25,000	25,000	0		0	200
Relocation Expenses	0	0	0		0	0
Furnishings	50,000	50,000	0		0	400
Accounting/Audit	10,000	10,000	0		10,000	80
Acq/Predev Loan Fees & Expenses	0	0	0		0	0
Acq/Predev Loan Interest	0	0	0		0	0
Construction Management	0	0	0		0	0
Deputy Inspection	0	0	0		0	0
HACOLA Monitoring Fee	0	0	0		0	0
Holding Costs	0	0	0		0	0
Market Study	6,400	6,400	0		6,400	51
Security	0	0	0		0	0
Other: Bridge Loan Interest	322,430	322,430	0		322,430	2,579
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Total Other Costs	827,400	1,149,830	0		1,024,830	9,199
Subtotals	24,667,221	24,667,221	0		20,418,548	197,338
Developer Costs						
Developer Fee	2,000,000	2,000,000	0		2,000,000	16,000
Consultant/Processing Agent	0	0	0		0	0
Project Administration	0	0	0		0	0
Broker fees paid by owner	0	0	0		0	0
Other:	0	0	0		0	0
Other:	0	0	0		0	0
Total Developer Costs	2,000,000	2,000,000	0		2,000,000	16,000
TOTAL	26,667,221	26,667,221	0			213,338
Bridge Loan Expense During Construction					0	
TOTAL ELIGIBLE BASIS					22,418,548	

EXHIBIT "I" TO HOME LOAN AGREEMENT

HOME PROGRAM REQUIREMENTS

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the tenant monitoring procedures established by the Commission in compliance with the HOME Program pursuant to 24 CFR Part 92 Sections 252 and 253.

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

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Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

CONFLICT OF INTEREST

No owner, developer, or sponsor of a project assisted with HOME funds, or any officer, employee, agent, or consultant of such may occupy a HOME-assisted unit in the project, unless a waiver in writing is first obtained from the Commission. This provision does not apply to an employee or agent who occupies the unit as the project manager or maintenance worker.

WHAT SECTION 504 REQUIRES

HUD's Section 504 regulations require that a recipient of Federal financial assistance ensure that its program, when viewed in its entirety, is accessible to persons with disabilities. (24 CFR 8.20) In order to meet this obligation, participants in the HOME Program must:

- To the maximum extent feasible, distribute accessible units throughout the projects and sites, and make them available in a sufficient range of sizes and amenities so as not to limit choice.
- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They must also take reasonable nondiscriminatory steps to maximize use of such units by eligible individuals.
- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features.
- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted provider must provide such feature or policy modification unless doing so would result in a fundamental alternation in the nature of its program or an undue financial and administrative burden. See 24 CFR 8.4, 8.24, and 8.33 for further requirements and guidance.
- Providers are required to ensure that information about their programs is disseminated in a manner that is accessible to persons with disabilities. For example, special communication systems can greatly increase the effectiveness of outreach and ongoing communication (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille).

- Providers must ensure that activities and meetings are conducted in accessible locations.

Participants in the HOME Program may:

- Ask applicants for information that can demonstrate that they can meet the obligations of tenancy including financial information, references, prior tenancy history, etc. However, housing providers may not inquire into the nature and severity of an applicant or tenant's disability, nor may they ask persons with disabilities questions not asked of all applicants, apply different types of screening criteria, or assess an applicant's ability to live independently.
- Ask if the applicant qualifies for a housing program or unit designed for persons with a disability, when the housing program or unit is designed for such persons.
- Consider including a lease provision that requires a non-disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating family.

All recipients and sub-recipients must conduct self-evaluations of compliance with Section 504

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

FEDERAL LOBBYIST REQUIREMENTS CERTIFICATION

Name of Firm: VILLA GARDENIAS SENIOR HOUSING LIMITED PARTNERSHIP

Address: 30950 RANCHO VIEJO ROAD, SUITE 100, SAN JUAN CAPISTRANO

State: CA Zip Code: 92675 Telephone Number: (949) 443-9101

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;

3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

_____ (Contractor/Subcontractor)	By: _____ (Signature)
_____ (Date)	_____ (Title)

EXHIBIT “J” TO LOAN AGREEMENT
(HOME LOAN – PROJECT NO. HE0091)

COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective

measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at

Contractor's place of business. The Child Support Services Department (CSSD) will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination

under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.

- F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
- G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.
- H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.
- The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be

directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.

- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all

Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to the Commission satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.
- B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Borrower. "Full time" means 40

hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.

- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Borrower shall immediately notify County if Borrower at any time either comes within the Jury Service Program's definition of "Contractor" or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County's satisfaction that Borrower either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Borrower continues to qualify for an exception to the Program.
- D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

24. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions Certificate" form seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

EXHIBIT "K" TO LOAN AGREEMENT
ENVIRONMENTAL SPECIAL CONDITIONS
(HOME LOAN-PROJECT NO. HE0091)

1. **Hazards.** The following shall be implemented in order to avoid potential hazards associated with contaminated soil:

- The areas where elevated levels of petroleum hydrocarbons, lead, and zinc shall be excavated and disposed offsite prior to mass grading of the site. Each boring location previously identified as having one or more of these contaminants shall be determined prior to any excavation. An area having the dimensions of 10 feet wide by 10 feet long by 3 feet deep, centered on each of the identified borings, shall be excavated and all removed soils shall be stockpiled and disposed offsite at an appropriate disposal facility. Once the excavated soils have been removed, five confirmation soil samples shall be obtained from each excavation area, one sample from each of the four sidewalls, and one sample from the base of the excavation. The five samples from each excavation shall be analyzed for the presence of petroleum hydrocarbons and total metals. If elevated concentrations of petroleum hydrocarbons or metals are detected, the excavation shall be expanded a minimum of 5 feet in the direction where the additional contaminants were detected, removed soil shall be disposed offsite, and the excavation shall be resampled. This process shall be repeated until the confirmation soil samples show that the contaminants have been removed from the area.

- Upon removal of all known contaminated soil, the site shall be graded pursuant to the construction plans for the site. An excavation monitor shall be onsite during the excavation of the property. The excavation monitor shall be a trained professional with experience working on contaminated sites. The excavation monitor shall collect samples of any soils that appear to contain contaminants. Excavation of suspected contaminated material shall then stop until the material can be analyzed. Soil samples shall be analyzed in a California licensed analytical laboratory for whatever contaminants are suspected as being present. If contaminants are identified, the soils shall be segregated from other uncontaminated materials, properly characterized and profiled for offsite disposal. If no contaminants are present the excavation can resume in this area.

- The excavation contractor shall be made aware of the previous site uses as a gasoline station and the known industrial uses, and shall be notified of the possibility of encountering contaminated materials.

- The location of the soil boring drilled in February 2007 that identified elevated concentrations of gasoline in the soil shall be surveyed prior to grading the site. The purpose of surveying this location is to excavate soils from this location after the subterranean parking garage excavation is completed. Following the survey of the contaminated boring location, the site shall be graded pursuant to the project plans for the site. An excavation monitor shall be onsite during the excavation of the parking garage. The excavation monitor shall be a trained professional with experience working on contaminated sites. The excavation monitor shall collect samples of any soils that appear to contain contaminants. Excavation of suspected contaminated material shall then stop until the material can be analyzed. Soil samples shall be analyzed in a California licensed analytical laboratory for whatever contaminants are suspected as being present. If contaminants are identified, the soils shall be segregated from other uncontaminated materials, properly characterized and profiled for offsite disposal. The excavation shall be expanded until it appears that all of the contaminated materials have been removed. At this point, confirmation sidewall and bottom samples shall be collected and analyzed. The sampling frequency shall be a minimum of one sample per sidewall and one sample from the excavation base. If the excavation area exceeds 15 feet long by 15 feet wide, then one sample for each 15 running feet of excavation face shall be collected and analyzed. If no contaminants are present the excavation can resume in this area.

- Upon completion of excavation for the subterranean parking garage, the location of the contaminated soil boring shall be identified within the excavation and an additional deeper excavation shall be made. An area having the dimensions of 10 feet wide by 10 feet long by 15 feet deep, centered on contaminated boring FB-3 as identified in the February 22, 2007 EMG report shall be excavated. All removed soils shall be stockpiled and disposed offsite at an appropriate disposal facility. Once the excavated soils have been removed, nine confirmation soil samples shall be obtained from the excavation area, two samples from each of the four sidewalls, and one sample from the base of the excavation. The nine samples shall be analyzed for the presence of gasoline constituents. If elevated concentrations of gasoline constituents are detected, the excavation shall be expanded a minimum of 5 feet in the direction where the additional contaminants were detected, removed soil shall be disposed offsite, and the excavation shall be resampled. This process shall be repeated until the confirmation soil samples show that the contaminants have been removed from the area. Once the contaminated area excavation is complete, this excavation that is deeper than the base of the subterranean parking garage shall be backfilled and compacted pursuant to the requirements of a Civil or Geotechnical Engineer.

- The excavation contractor shall be made aware of the previous site uses as a gasoline station and shall be notified of the possibility of encountering contaminated materials.

2. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find.

If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

3. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:

- The existing sound wall along the Santa Ana Freeway (I-5) frontage west of the project site shall be extended to the east along the I-5 and freeway ramp frontages. At a minimum, the wall shall be the same height as the existing wall west of the project site.

- Air conditioning or a mechanical ventilation system shall be provided in all site structures so that windows and doors may remain closed.

- Windows and sliding glass doors facing the Santa Ana Freeway (I-5), the I-5 on- off- ramps at Ditman Avenue, and Olympic Boulevard shall have a minimum Sound Transmission Class (STC) rating of at least 33. Exterior doors with a minimum STC of 33 shall be used and shall be insulated in conformance with Title 24 requirements. The exterior wall facing material shall be designed for a minimum STC of 35.

4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate strategies to promote recycling, such as space for separate bins for waste and recyclable materials

5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:

- Landscaped areas shall be planted with drought-tolerant species, minimizing to 50% areas dedicated to turf. Irrigation shall be

accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

- All new structures shall be fitted with water conserving fixtures, including, but not limited to, low-flow faucets and toilets.

6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

EXHIBIT “L” TO LOAN AGREEMENT

CONSTRUCTION REQUIREMENTS

(HOME LOAN-PROJECT NO. HE0091)

**Community Development Commission of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For RENTAL Housing Developments**

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Community Development Commission of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For RENTAL Housing Developments

I. FUNDAMENTAL DESIGN GUIDELINES FOR RENTAL DEVELOPMENTS

A. Site

1. Open Space for New Construction

Private Area 60 sq. ft. per ground floor unit, and 30 sq. ft. per non-ground floor unit, with a minimum dimension of 5 ft. Area may be a patio, deck, porch, yard or balcony.

Common Area (not including circulation or required front and sideyard setbacks unless incorporated into larger usable space):

0 -10 Units	30 sq. ft. per unit.
11-25 Units	20 sq. ft. per unit
26-50 Units	17.5 sq. ft. per unit
51+ Units	15 sq. ft. per unit

2. Landscaping

Drought Tolerant

Less lawn and more drought tolerant ground covers/shrubs is encouraged.

All new planted areas to be heavily mulched for water conservation.

Automatic irrigation system to be provided.

1 – 24” box shade tree in front yard for every 50’ of street frontage.

Redwood bender board edging or equal at planter bed and turf boundaries.

All landscaped areas or planter boxes must be accessible for maintenance.

Provide deciduous trees to shade south windows and evergreen trees to shade west windows.

Plans must be stamped by a landscape architect licensed in the State of California.

3. Fencing

If used, all wrought iron to be painted a dark color. Line posts shall be galvanized.

All front yard and street front fencing must be setback at least 12” from the sidewalk with a landscape strip.

Common entry gates must have automatic closers.

Concrete block walls facing streets shall incorporate decorative designs or be accompanied by landscaping such as vines to soften the appearance of the walls.

4. Trash Collection

Trash enclosure for dumpsters shall have a concrete pad, CMU walls, 3x12 wood crash rails on 3 sides of the interior, and heavy-duty metal gates with perforated metal cladding. The gates should be located 6 inches off the ground to improve surveillance into the area to reduce loitering.

5. Curbs

Provide concrete curbs at or around all drives and parking areas

6. Building Orientation

Orient building to maximize solar access during cooler months and to control it during warmer months.

7. Pedestrian Hardscape Areas

Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).

8. Building Placement

Maintain the existing setback patterns within the vicinity of the building. Avoid locating a building far in front of or far behind the average setback lines of the properties located on either side of the proposed project.

9. Parking

Whenever possible, locate parking towards the rear of the site to minimize its impact on the street.

On large projects consider subterranean parking to free up open space at grade level.

If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.

Consider placing second story massing over garage to bring the living space closer to the street and take some attention off of the garage.

Parking area should have adequate lighting and provide a safe and secure environment. Minimize the walking distance to insure a short and direct access to the units.

Provide clear separation between vehicles and pedestrians.

Landscaping should be used to soften the visual impact of large parking areas.

Consider improving unavoidable blank walls with decorative artwork, display cases, vines, and good quality durable materials to minimize graffiti and deterioration.

B. Building Exterior

1. Height

Relate the overall height of the new structure to that of adjacent structures and those of the immediate neighborhood. Avoid new construction that varies greatly in height from other residential buildings in the area. Consider relating the floor levels of the new structure to those of the adjacent uses on infill buildings.

2. Scale

Relate the size and bulk of the new structure to the prevalent scale in other buildings the immediate area.

3. Massing

Consider stepping larger structures down towards the street in areas where the predominate scale along the street is single story and pedestrian oriented. Consider breaking larger buildings into smaller pieces.

4. Form

Consider utilizing a variety of building forms and roof shapes instead of box-like forms with large, unvaried roofs. Make sure forms and shapes work together to create a cohesive whole project. Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to break up large masses and add visual complexity.

5. Size and Rhythm of Openings

Respect the rhythm and proportion of openings prevalent in the immediate area surrounding the new building.

6. Materials and Color

Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality buildings in the surrounding neighborhood or region. Avoid introducing drastically different colors and materials than those of the surrounding neighborhood. Use materials that do not require extensive maintenance.

7. Individual Identities

Whenever possible, divide repetitive structures into smaller clusters to promote individuality and a sense of place for residents.
Consider strategies that allow residents to enhance the exterior appearance of their units.

8. Entry

Provide a prominent and visible entry.
Consider transitional spaces such as an entry porch to help make the transition from public to semi-private or private space.
Consider issues of shelter, security, lighting and identity.

9. Roof Top Equipment

All roof top equipment should be screened from view. No free standing wood screens permitted. Screening shall be achieved through the use of parapet walls and other permanent building features.

10. Windows

Window size and placement should maximize daylighting and natural ventilation.
Placement should relate to building interior layout.
Plant-on mullions are discouraged.
Consider ways to screen and physically separate ground floor windows from sidewalk to provide privacy and security.
Low-emissivity glass is required for all south and west facing windows and encouraged for east facing windows.
Overhangs for south facing windows are recommended.

11. Roofing

Light colors encouraged for energy benefit.

C. Building Interior

1. Unit Access / Corridors

Avoid corridors of excessive length, i.e greater than 100 feet of unbroken length. Whenever possible avoid corridors that are not naturally lighted. Providing natural ventilation is encouraged.

2. Unit Sizes

Studio:	400-500 sq. ft.
1-Bedroom	500-700 sq. ft.
2-Bedroom	750 - 950 sq. ft.
3-Bedroom	1,000 - 1,200 sq. ft.
4-Bedroom	1,200 - 1,400 sq. ft.

3. Room Size Range & Features

	<u>One Wall Length Min.</u>	<u>Room Size</u>
Living Area	9 ft.	150-220 sq. ft.
Dining Area	Comfortably seat 2 people per bedroom	
Kitchen Counters	5 ft. long by 2 ft. deep for 1 st bedroom plus 1.5 ft. per additional bedroom (measurement does not include sink and cooktop areas, and is measured along the front edge of counter).	
Cabinets	5 ln. ft. of base cabinets for 1 st bedroom plus 1.5 ln. ft. per additional bedroom.	
Stove / cook top	30" wide and at least 12" away from any sidewall for all 2 bedroom and larger units. Minimum 24" wide and at least 12" away from any sidewall for all 1 bedroom and smaller units.	
Refrigerators	12 cu. ft. for 1-bedroom or less. 16 cu. ft. for 2-bedrooms. 18 cu. ft. for 3-bedrooms or more.	
Dishwashers	In all 2-4 bedroom units.	
Garbage disposals	(Recommended)	

Bedroom	9 ft.	90-120 sq. ft.
Bedroom Storage		10 sq. ft.min.
Master Bedroom	12 ft.	150-200 sq. ft.
Master Bedroom Storage		20 sq. ft. min.
General Storage		15 sq. ft.
Linen Storage		4 sq. ft.

4. Common Indoor Areas

Community Room	<p>A minimum of 400 sq. ft. not including laundry area and a maximum of 20% of the residential floor area for developments of 15 units or less.</p> <p>A minimum of 600 sq. ft. not including laundry area and a maximum of 15% of the residential floor area for developments with 16 units or more.</p> <p>Provide a public restroom and microwave alcove.</p>
Laundry Area	<p>One washer and dryer for every 10 units in a common laundry area. As an alternative, washers and dryers, not just hook-ups, may be provided in individual units.</p> <p>Common laundry areas to have a minimum 6' long countertop surface for folding cloths.</p> <p>Adequate natural light and ventilation.</p>

5. HVAC

Provide air conditioning for all separately metered units.

Whole house and ceiling fans maybe used in lieu of air conditioning.
Utilizing hydronic heating/hot water systems is encouraged.

6. Elevators

Provide elevators for all structures with three floors or more and for all senior or disabled projects of two floors or more.

EXHIBIT "M" TO LOAN AGREEMENT
SUBORDINATION AGREEMENT
(HOME LOAN-PROJECT NO. HE0091)

EXHIBIT "N" TO LOAN AGREEMENT

SUPPORTIVE SERVICES PLAN

(HOME LOAN-PROJECT NO. HE0091)

Supportive Services will be performed by Foundation for Affordable Housing VI, Inc., a 501(c)(3) non-profit corporation dedicated to improving the quality of life for our residents. Maggie Rattray, the Executive Director of Resident Services, will have responsibility for the implementation. Her resume is included in Attachment I.2.

Maggie will seek a mature, experienced person with strong people skills to be the services coordinator (the "Coordinator"). The property will provide a coordinator's office on site, with posted office hours for scheduling resident appointments and a community room for group and individual activities.

If possible, the Coordinator will have a degree in Social Work, Family Services, Psychology, Public Health, or a Professional Services Coordinator certificate from the American Association of Services Coordinators. We will seek a Coordinator with the following knowledge, experience, and capabilities:

- Working knowledge of local agencies and services.
- Experience in recognizing and addressing issues such as drug and alcohol abuse, domestic violence, physical, developmental, and mental disabilities, and financial problems
- Ability to assess needs and direct residents to the appropriate agency or service provider.
- Experience in resident advocacy
- Organizational ability, problem solving skills, and verbal and written communication proficiency
- Ability to work well with a culturally diverse population.
- Experience in program development (i.e. wellness, recreational, or other such activities that respond to the needs of the residents).

The Coordinator may provide or facilitate access to the following:

- Educational, lifestyle, recreational, health and wellness programs
- Activities that build community involvement among residents and the surrounding neighborhood

D. Crime Prevention Through Environmental Design (CPTED)

The Commission supports creating safe neighborhoods through the implementation of Crime Prevention Through Environmental Design (CPTED). The basic premise of CPTED is that the nature of buildings and layout of a community can attract offenders and make it easier for them to commit crimes and escape arrest. CPTED focuses on eliminating these features at the design stage to reduce crime and the fear of crime.

The five overlapping concepts or strategies which are incorporated in CPTED are:

Access Control
Surveillance
Territorial Reinforcement
Activity Support
Image and Maintenance

Architectural Designers should make sure you are:

- Providing clear border definitions of controlled space.
- Providing clearly marked transitional zones that indicate movement from public to semi-public to private space.
- Relocating gathering areas to locations with natural surveillance.
- Placing unsafe activities in safe spots to overcome the vulnerability of these activities with natural surveillance and access control of the safe area.
- Redesigning space to increase the perception or reality of natural surveillance.
- Carefully planning a reduced number of entry points.
- Placing signage to advise visitors what the access restrictions are and where they must go if they are authorized to enter your territory.
- Eliminating blind spots around the project site where individuals approaching the site cannot be observed.
- Including fencing and landscaping to direct the circulation flow of persons to a select observable pathway.
- Making sure that landscape plant material that is selected will not block windows and eliminate opportunities for natural surveillance.
- Considering the use of reflective glass so that you can see out but outsiders cannot see in.
- Plant low vegetation with thorns or other repelling qualities adjacent to first floor windows to prevent outsiders from approaching windows.
- Providing good outdoor lighting standards that illuminate pathways evenly and without shadow pockets.
- Prewiring for future security cameras is recommended.

II. SUPERIOR DESIGN

A. Exterior Elevations

Well crafted with variation in massing, fenestration, scaling elements such as trellises or porches, changes in material, texture, color treatment and landscaping.

B. Customized Design

Design responds highly to specific functional and psychological needs of the targeted user group.

C. Security

Site planning and building design enhances security, the monitoring of children, and fosters a sense of neighborhood and community.

D. Environmental Conservation Measures

As many of the Fundamental Design environmental conservation measures as possible and/or additional measures have been incorporated into the design.

E. Benefits to Community at Large

Examples include a development with a community room that extends social services to the surrounding neighborhood such as senior care or educational classes.

III. ADDITIONAL INTERIOR & EXTERIOR GUIDELINES (to be used in the review of Construction Documents)

1. Plastic Laminate Countertops at All Wet Locations

Must be bullnosed on one side or have a waterfall edge on all sides and an integral splash. Solid surfacing or ceramic tile are acceptable alternates to plastic laminate.

2. Faucets

Provide washerless faucets.

3. Hose Bibs

Provide vandal resistant hose bibs.

4. Communication Wiring

Provide a telephone jack in all bedrooms and in one common area.
Provide CAT 5 wiring to at least one location per unit.

5. Cable Television

Provide a minimum of one jack in the living room for units with 2 bedrooms or less. Provide a minimum of one jack in at least one bedroom plus one in the living room for units with 3 bedrooms or more.

6. Carbon Monoxide Detectors

Provide at least one hardwired carbon monoxide detector with battery back up near the bedrooms. No combination smoke detection – carbon monoxide shall be used.

7. Fire Extinguishers

Provide recessed fire extinguishers.
Fire extinguishers to be vandal resistant.

8. Entry Security System

Provide security entry system (e.g. intercoms, key cards, combination pads, etc.) for all rental developments.

9. Doors

Entry doors to be solid core 1 ¾" thick minimum with reinforced latch and viewfinder. Non-removable hinge pins required on all out swing doors. No windows allowed within 36" of the latch side of the door.

Interior doors shall have a 1 3/8" thick hollow core, flush, paint grade hardboard face and prime coated for enamel on all six sides. Hardboard faces or wood veneers on prefinished interior built-up doors shall be a minimum of 1/8" thick.

10. Door Hardware

Use medium or premium grade hardware.

Suggested hardware:

Schlage AL-Series keyed lever lock

Grade 2 or higher deadbolts

Interior doorstops shall be provided using spring type, screwed to door or wood base, or steel plated rubber wall stops.

11. Windows

Use medium or premium grade aluminum windows. Vinyl or wood/clad windows are acceptable alternates.

Suggested manufacturers and series:

Milgard 1000 Series (Aluminum)

International 6200 Series (Aluminum)

International Vinyl Series 5500 or 5300

Milgard 5120 Classic Series (Vinyl)

Milgard 6110 Styleline Series (Vinyl)

Screens on all operable windows.

All aluminum windows and sliding glass doors shall have a clear anodized or baked enamel finish; mill finish not acceptable.

12. Window Coverings

Metal horizontal blinds are not permitted.

13. Medicine Cabinets

Plastic medicine cabinets are not permitted.

Provide recessed cabinets.

14. Bath Tubs and Shower Enclosures

Use cast iron tubs with ceramic tile surrounds over backer board or high quality fiberglass tub/shower/surrounds.

Suggested Manufacturer and Model:

LASCO Model 2603 3 CT Series with reinforced flat wells for adaptable units or equal.

LASCO Model 2603-SMH with reinforced flat wells and grab bars for ADA units or equal.

Family units must have at least one tub per unit.

15. Blocking

Provide blocking to provide adequate support for fixtures, cabinets, bathroom accessories, hardware, and other equipment suspended from ceilings or mounted on walls.

16. Carpeting

Minimum 10-year performance warranty and the following:

Lifetime – Moisture resistant

Lifetime – Dimensional Stability

Lifetime – No Edge Ravel
Lifetime – No Delamination
Lifetime – No Zippering

Provide wood base, rubber or vinyl covered base at carpet locations.
Transition strips shall be provided between carpet and sheet vinyl or other flooring types.

17. Sheet Flooring

Use .080" minimum thickness - Type II Grade A.
For family rental units avoid seams and provide 4" cove base at walls in wet locations including bathrooms, kitchens and laundry rooms.

Linoleum is encouraged over vinyl for superior environmental qualities.

18. Cabinetry

For all developments except senior housing, cabinets shall be constructed as follows:

The Manual of Millwork Standards of the Woodwork Industry published by WIC (Woodwork Institute of California) custom grade for material, hardware and joinery shall apply to all new cabinets. WIC certification process shall not be required at this time. Instead, technical specifications and drawings will be checked for incorporation of WIC custom grade language. In addition, field inspections by HACOLA may occur to verify compliance with cabinet standards.

19. Kitchen Hoods

Unvented hoods are not recommended for rehab projects and not permitted on new construction projects.

20. Bathroom Ventilation

Windows are recommended in addition to a bathroom exhaust fan that is capable of providing a minimum of five air changes per hour.

21. Appliances

Select Energy Star appliances.

22. Wood Structural Members

The use of engineered wood for headers, joists and sheathing is encouraged.

23. Recycled Content Materials

The use of recycled content insulation, drywall, carpet and other “green” materials is encouraged.

24. Indoor Air Quality Materials

Use low- or no-VOC paint, formaldehyde-free or fully sealed material for cabinets and counters.

25. Roofing

Minimum 20-year roof.
If asphalt shingle use “architectural” profile.

26. Roof Drainage

Locate downspouts to drain either into splash blocks, which spill on to planter areas large enough to absorb outflow or directly into an underground drain system.

- Recruitment, scheduling, and oversight of volunteer assistance.
- Speakers to talk to residents on topics of interest to seniors
- Flyers, newsletters and other publications
- Limited case management.
- Interaction with the two local senior centers
- On-site services from local food banks and low-cost meal providers
- Linkage to assistance programs provided by faith based organizations
- Access to translation services

Working closely with the on-site management staff, the Coordinator will endeavor to create programs responsive to resident preferences and issues. The aim is to offer services that engage residents in life-enhancing, community-building activities; to address problems early on; and, to provide access to assistance. In short, our goal in implementing supportive services is to create a safe, comfortable, enjoyable environment for our residents.

EXHIBIT "O" Operating Budget Villa Gardenias Senior Apartments

(HOME LOAN- PROJECT No. HE0091)

Villa Gardenias Senior Apartments

Pro forma

Note: This Pro forma differs slightly from B.10 due to the difference in expense trending. This Pro forma is included to demonstrate the distribution of net cash flow.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 15
Vacancy & Collection	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Property Management	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Replacement Reserves	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Income Trending	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Expense Trending	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
SAI Asset Management Fee	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Residential Units	\$1,111,992	\$1,139,792	\$1,168,287	\$1,197,494	\$1,227,431	\$1,258,117	\$1,289,570	\$1,321,809	\$1,354,854	\$1,388,726	\$1,423,444	\$1,459,030	\$1,495,506	\$1,571,216
Other Income	\$47,052	\$48,228	\$49,434	\$50,670	\$51,937	\$53,235	\$54,566	\$55,930	\$57,328	\$58,762	\$60,231	\$61,736	\$63,280	\$66,483
Gross Income	\$1,159,044	\$1,188,020	\$1,217,721	\$1,248,164	\$1,279,368	\$1,311,352	\$1,344,136	\$1,377,739	\$1,412,183	\$1,447,487	\$1,483,674	\$1,520,766	\$1,558,785	\$1,637,699
Vacancy & Collection	(\$57,952)	(\$59,401)	(\$60,886)	(\$62,408)	(\$63,968)	(\$65,568)	(\$67,207)	(\$68,887)	(\$70,609)	(\$72,374)	(\$74,184)	(\$76,038)	(\$77,939)	(\$81,885)
Effective Gross Income	\$1,101,092	\$1,128,619	\$1,156,835	\$1,185,755	\$1,215,399	\$1,245,784	\$1,276,929	\$1,308,852	\$1,341,573	\$1,375,113	\$1,409,491	\$1,444,728	\$1,480,846	\$1,555,814
Operating Expenses	\$384,606	\$398,067	\$412,000	\$426,420	\$441,344	\$456,791	\$472,779	\$489,326	\$506,453	\$524,178	\$542,525	\$561,513	\$581,166	\$622,560
Service Coordinator	\$15,000	\$15,375	\$15,759	\$16,153	\$16,557	\$16,971	\$17,395	\$17,830	\$18,276	\$18,733	\$19,201	\$19,681	\$20,173	\$21,195
Real Estate Taxes	\$15,125	\$15,654	\$16,202	\$16,769	\$17,356	\$17,964	\$18,592	\$19,243	\$19,917	\$20,614	\$21,335	\$22,082	\$22,855	\$24,483
Replacement Reserves	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250
Total Operating Expenses	\$445,981	\$460,347	\$475,211	\$490,692	\$506,508	\$522,976	\$540,017	\$557,550	\$575,895	\$594,775	\$614,311	\$634,526	\$655,444	\$699,487
Net Operating Income	\$655,111	\$668,273	\$681,623	\$695,163	\$708,892	\$722,808	\$736,912	\$751,202	\$765,678	\$780,338	\$795,179	\$810,201	\$825,402	\$856,327
Hard Debt	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124
DSCR	1.15	1.17	1.20	1.22	1.25	1.27	1.29	1.32	1.35	1.37	1.40	1.42	1.45	1.50
Cash Flow after Hard Debt	\$85,987	\$99,149	\$112,499	\$126,039	\$139,768	\$153,684	\$167,788	\$182,078	\$196,554	\$211,214	\$226,055	\$241,077	\$256,278	\$287,203
Other Priority Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SAI Asset Management Fee	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)
Residual Receipts	\$78,487	\$91,649	\$104,999	\$118,539	\$132,268	\$146,184	\$160,288	\$174,578	\$189,054	\$203,714	\$218,555	\$233,577	\$248,778	\$279,703
Cumulative Residual Receipts	\$78,487	\$170,135	\$275,135	\$393,674	\$525,941	\$672,126	\$832,414	\$1,006,992	\$1,196,046	\$1,399,760	\$1,618,315	\$1,851,892	\$2,100,670	\$2,644,527
\$2,000,000														
DFN Payment	\$78,487	\$91,649	\$104,999	\$118,539	\$132,268	\$146,184	\$160,288	\$174,578	\$189,054	\$203,714	\$218,555	\$233,577	\$248,778	\$279,703
Cumulative	\$78,487	\$170,135	\$275,135	\$393,674	\$525,941	\$672,126	\$832,414	\$1,006,992	\$1,196,046	\$1,399,760	\$1,618,315	\$1,851,892	\$2,100,670	\$2,000,000
Available after DFN Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$279,703
50% Soft Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,851
Cumulative Soft Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$322,263
HOME Loan														
Beginning Balance	\$5,000,000	\$5,150,000	\$5,304,500	\$5,463,635	\$5,627,544	\$5,796,370	\$5,970,261	\$6,149,369	\$6,333,850	\$6,523,866	\$6,719,582	\$6,921,169	\$7,128,804	\$7,380,537
Interest Accrual = 3.0%	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$189,016	\$193,716	\$198,587	\$203,635	\$213,864	\$221,416
Principal Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,851
Ending Balance	\$5,150,000	\$5,304,500	\$5,463,635	\$5,627,544	\$5,796,370	\$5,970,261	\$6,149,369	\$6,333,850	\$6,523,866	\$6,719,582	\$6,921,169	\$7,128,804	\$7,342,669	\$7,462,101

Villa Gardenias Senior Apartments

Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
\$1,610,496	\$1,650,758	\$1,692,027	\$1,734,328	\$1,777,686	\$1,822,128	\$1,867,682	\$1,914,374	\$1,962,233	\$2,011,289	\$2,061,571	\$2,113,110	\$2,165,938	\$2,220,086	\$2,275,589
\$68,145	\$69,849	\$71,595	\$73,385	\$75,220	\$77,100	\$79,028	\$81,003	\$83,028	\$85,104	\$87,232	\$89,413	\$91,648	\$93,939	\$96,288
\$1,678,641	\$1,720,607	\$1,763,623	\$1,807,713	\$1,852,906	\$1,899,229	\$1,946,709	\$1,995,377	\$2,045,261	\$2,096,393	\$2,148,803	\$2,202,523	\$2,257,586	\$2,314,026	\$2,371,876
(\$83,932)	(\$89,030)	(\$88,181)	(\$90,386)	(\$92,645)	(\$94,961)	(\$97,335)	(\$99,769)	(\$102,263)	(\$104,820)	(\$107,440)	(\$110,126)	(\$112,879)	(\$115,701)	(\$118,594)
\$1,594,709	\$1,634,577	\$1,675,441	\$1,717,327	\$1,760,261	\$1,804,267	\$1,849,374	\$1,895,608	\$1,942,998	\$1,991,573	\$2,041,363	\$2,092,397	\$2,144,707	\$2,198,324	\$2,253,282
\$644,349	\$666,901	\$690,243	\$714,401	\$739,406	\$765,285	\$792,070	\$819,792	\$848,485	\$878,182	\$908,918	\$940,730	\$973,656	\$1,007,734	\$1,043,005
\$21,724	\$22,268	\$22,824	\$23,395	\$23,980	\$24,579	\$25,194	\$25,824	\$26,469	\$27,131	\$27,809	\$28,504	\$29,217	\$29,947	\$30,696
\$25,340	\$26,227	\$27,144	\$28,095	\$29,078	\$30,096	\$31,149	\$32,239	\$33,367	\$34,535	\$35,744	\$36,995	\$38,290	\$39,630	\$41,017
\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250
\$722,663	\$746,646	\$771,462	\$797,141	\$823,713	\$851,210	\$879,662	\$909,105	\$939,572	\$971,098	\$1,003,721	\$1,037,480	\$1,072,413	\$1,108,561	\$1,145,968
\$872,046	\$887,931	\$903,980	\$920,187	\$936,547	\$953,058	\$969,711	\$986,503	\$1,003,427	\$1,020,475	\$1,037,641	\$1,054,917	\$1,072,294	\$1,089,763	\$1,107,315
\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124	\$569,124
1.53	1.56	1.59	1.62	1.65	1.67	1.70	1.73	1.76	1.79	1.82	1.85	1.88	1.91	1.95
\$302,922	\$318,807	\$334,856	\$351,063	\$367,423	\$383,934	\$400,587	\$417,379	\$434,303	\$451,351	\$468,517	\$485,793	\$503,170	\$520,639	\$538,191
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)	(\$7,500)
\$295,422	\$311,307	\$327,356	\$343,563	\$359,923	\$376,434	\$393,087	\$409,879	\$426,803	\$443,851	\$461,017	\$478,293	\$495,670	\$513,139	\$530,691
\$2,939,949	\$3,251,266	\$3,578,612	\$3,922,174	\$4,282,098	\$4,658,531	\$5,051,619	\$5,451,498	\$5,888,301	\$6,332,152	\$6,793,169	\$7,271,462	\$7,767,132	\$8,280,271	\$8,810,961
\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
\$295,422	\$311,307	\$327,356	\$343,563	\$359,923	\$376,434	\$393,087	\$409,879	\$426,803	\$443,851	\$461,017	\$478,293	\$495,670	\$513,139	\$530,691
\$147,711	\$155,654	\$163,678	\$171,781	\$179,962	\$188,217	\$196,544	\$204,940	\$213,401	\$221,926	\$230,509	\$239,146	\$247,835	\$256,569	\$265,345
\$469,974	\$625,628	\$789,306	\$961,087	\$1,141,049	\$1,329,266	\$1,525,809	\$1,730,749	\$1,944,150	\$2,166,076	\$2,396,585	\$2,635,731	\$2,883,566	\$3,140,135	\$3,405,481
\$7,462,101	\$7,538,253	\$7,608,747	\$7,673,332	\$7,731,751	\$7,783,741	\$7,829,037	\$7,867,364	\$7,898,446	\$7,921,997	\$7,937,732	\$7,945,569	\$7,944,569	\$7,935,072	\$7,916,554
\$223,863	\$226,148	\$228,262	\$230,200	\$231,953	\$233,512	\$234,871	\$236,021	\$236,953	\$237,660	\$238,132	\$238,361	\$238,337	\$238,052	\$237,497
\$147,711	\$155,654	\$163,678	\$171,781	\$179,962	\$188,217	\$196,544	\$204,940	\$213,401	\$221,926	\$230,509	\$239,146	\$247,835	\$256,569	\$265,345
\$7,538,253	\$7,608,747	\$7,673,332	\$7,731,751	\$7,783,741	\$7,829,037	\$7,867,364	\$7,898,446	\$7,921,997	\$7,937,732	\$7,945,565	\$7,944,569	\$7,935,072	\$7,916,554	\$7,888,706

EXHIBIT "P"
COMMUNITY DEVELOPMENT BLOCK GRANT
REPORTING REQUIREMENTS
VILLA GARDENIAS SENIOR APARTMENTS
CDBG PROJECT NO. 600XXX

The predevelopment and offsite infrastructure costs of the development of the Villa Gardenias Senior Apartments (Project) were funded with Community Development Block Grant (CDBG) federal funds. Therefore, the Commission and Developer shall comply with the following CDBG Program requirements:

Once the construction of the project has been completed and the Project is made available to the public, the Commission shall assist the Developer in completing the Quarterly Performance Report that is mandated by the U. S. Department of Housing and Urban Development (HUD) by compiling and providing Direct Benefits Information. The Developer shall report this Direct Benefits Information to the Commission only during the program year that the construction of the Project was completed and made available to the public. The Commission will not close out the Project until it has verified that the HUD national objective has been met in accordance with HUD regulations and the Tenant's policy as set forth in CDBG Bulletin No. 05-0044, dated November 21, 2005.

The Commission and Developer shall comply with HUD regulations, 24 CFR 570.502(b)(3)(ix)(A)(B), "Retention and access requirements for records." The Developer, or the selected designated operator, shall collect and maintain the following records for one (1) year following the closeout of the CDBG-funded contract, and shall enable the Commission to conduct an onsite review of these records to verify compliance with the HUD national objective:

- Income documentation, as explained in CDBG Bulletin No. 07-0002, dated January 3, 2007, for beneficiaries of the Project, evidencing that at least 51 percent of the household are persons whose household income does not exceed the low- to moderate-income limits.

In accordance with CDBG Bulletin No. 06-0016, dated June 16, 2006, if the Developer is unable to obtain complete income documentation from the Project's beneficiaries the Developer must receive authorization from the Commission to use the "Public Service Self-Certification Form" (the "Form") to collect household income information. The Developer must ensure that the Form contains the current income guidelines, and that the completed Forms are maintained to in a manner to facilitate the Landlord's monitoring review. The Forms must be fully completed, signed, and dated by the beneficiaries, as well as approved by a Developer's authorized staff member. If the scope of Project's activity changes, the Developer shall submit a new request to the Commission for authorization to use the "Public Service Self-Certification Form." For Federal reporting and monitoring purposes, the Developer shall collect and maintain the following information for each beneficiary of the Project:

- The name, address, ethnicity, and single head of household status.
- The census tract number of the place of residence.

For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

The Developer shall market the Project's services to residents of the Los Angeles Urban County, which includes the unincorporated areas and the cities participating in the Los Angeles Urban County CDBG Program.

The Developer shall maintain the use of the Project for a period of no less than fifty five (55) years. If the Developer changes the use of the Project, or disposes of the property, the Commission must be reimbursed in the amount of the CDBG grant.

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For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

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LOS ANGELES COUNTY

CDBG BULLETIN

COMMUNITY DEVELOPMENT COMMISSION • 2 Coral Circle • Monterey Park, California 91755

NUMBER: **05-0044**

SUBJECT:

**COMPLETION OF CDBG-FUNDED ACTIVITIES
TO MEET THE HUD NATIONAL OBJECTIVE**

DATE: **NOVEMBER 21, 2005**

EFFECTIVE DATE: **IMMEDIATELY**

PAGE **1** OF **2**

**TO: CDC DIVISIONS
COMMUNITY-BASED ORGANIZATIONS
COUNTY DEPARTMENTS
PARTICIPATING CITIES**

This bulletin transmits clarification regarding multi-phased or long-range projects receiving Community Development Block Grant (CDBG) funding, when it has been determined that the National Objective has been met, and how your Agency will report upon the completion of these CDBG activities.

In a recent review of program files, our U.S. Department of Housing and Urban Development (HUD) representative advised the Community Development Commission (CDC) that HUD will expect to see documentation to demonstrate how each CDBG-funded activity meets the National Objective identified in the *Exhibit A*. This new documentation requirement is fairly simple for most CDBG-funded activities, since they are funded on a one-year cycle and the accomplishments are met in that same year (e.g. public service activities).

However, the requirement is more complex for multi-phased, long-range activities such as property acquisition or pre-development activities (e.g. architectural and engineering on public improvement projects), which typically meet a CDBG National Objective once the end use of the property is completed or the improvement is available for use by the targeted eligible population (e.g. child care center, street improvements, etc.). When a contract is developed for a pre-development activity, a *preliminary* determination of the CDBG National Objective has been made based on the planned use. The *final* determination is made once the final project or end use is completed by ensuring that an eligible population received benefit for CDBG costs incurred. If an eligible population does not receive benefit, costs incurred would be disallowed, and the funded Agency would need to return non-federal funds to the CDBG Program.

The CDC previously defined a project as being complete when the CDBG activity goal and scope identified in each of the Exhibit A contract documents were accomplished. However, as mentioned above, this definition is no longer acceptable. The project's end use must be realized in order to be considered completed. In addition, direct benefit information is required if the

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For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

project was qualified as providing benefit to limited clientele who are of low- and moderate-income, through housing, jobs created, or retention activities.

To avoid disallowed costs, we recommend that your Agency plan carefully and take prudent actions, including the following:

- ▶ Consider other funding sources for pre-development activities where the construction phase of the project may be long-range and difficult to track and report.
- ▶ If you decide to fund pre-development activities with CDBG funds in the future, be prepared to submit, for our review and incorporation into the *Exhibit A* document, additional information, which may include but not be limited to the following: a description of the overall project, each phase, and the portion(s) that will be CDBG-funded; a project proforma, showing all funding sources by line item; letters of commitment for all leveraged funding sources; and a project completion milestone schedule.
- ▶ For CDBG-funded activities that may take several years to complete, ensure that your Agency has the capacity to document compliance with all federal requirements and report on accomplishments for a long period of time.

Your full consideration and adherence to this clarification is greatly appreciated. Your Program Manager is available to further discuss, should you have any questions or concerns.

Sincerely,



TERRY GONZALEZ, Director
Community Development Block Grant Division

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For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.



LOS ANGELES COUNTY

CDBG BULLETIN

COMMUNITY DEVELOPMENT COMMISSION • 2 Coral Circle • Monterey Park, California 91755

NUMBER: **06-0016**

SUBJECT: **GUIDANCE ON THE USE OF THE PUBLIC
SERVICE SELF-CERTIFICATION FORM
(REPRINT OF CDBG BULLETIN 94-0048)**

DATE: **June 16, 2006**

EFFECTIVE DATE: **IMMEDIATELY**

PAGE **1** OF **2**

**TO: COMMUNITY-BASED ORGANIZATIONS
PARTICIPATING CITIES
COUNTY DEPARTMENTS
CDC DIVISIONS
OTHER PUBLIC AGENCIES**

The purpose of this Bulletin is to provide guidance on the appropriate use of the attached Public Service Self-Certification Form.

Agencies with Community Development Block Grant (CDBG) funded activities, qualified under the National Objective of benefiting low- and moderate-income persons, pursuant to 24 CFR Part 570, Section 570.208(a)(2)(i)(B), must obtain income documentation from program participants.

Income documentation must be maintained so that it is evident that at least fifty-one percent (51%) of program participants are persons whose family income does not exceed the low- and moderate-income limits. The 2006 income guidelines, previously transmitted through CDBG Bulletin No. 06-0007, should be used to determine, whether a client is of low- or moderate-income.

If agencies are unable to obtain income documentation for non-housing activities, and have exhausted every means possible, the attached Public Service Self-Certification Form may be utilized. This form, however, may **only** be used in those instances where agencies are unable to obtain complete income documentation from the participant and further pursuit of this information would create a hardship for the agency. Agencies must ensure that it is fully completed, signed, and dated by the client, as well as approved by a designated agency staff member. Furthermore, each completed Public Service Self-Certification Form must be maintained in the client file for monitoring purposes.

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For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

Participating Agencies

June 16, 2006

Page 2

Prior to using the Public Service Self-Certification Form, agencies are required to request, in writing, authorization from the Community Development Commission. An agency's written request must provide thorough justification for using the Public Service Self-Certification Form and explain why obtaining income documentation is infeasible.

If you have any questions, please contact your Program Manager.

Sincerely,



TERRY GONZALEZ, Director
Community Development Block Grant Division

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Attachments

For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

PUBLIC SERVICE SELF-CERTIFICATION FORM
2006 INCOME GUIDELINES

Name _____

Address _____

Census Tract: _____

Contract Period: _____ Project Name: _____

1. Number of People in Household: _____

2. Please check your household size and annual income level (from all sources):

House- Hold Size	Extremely Low-Income*	Low-Income*	Moderate-Income*	Above Moderate- Income*
1	_____ \$14,550 or less	_____ \$14,551 to \$24,250	_____ \$24,251 to \$38,800	_____ above \$38,801
2	_____ \$16,650 or less	_____ \$16,651 to \$27,700	_____ \$27,701 to \$44,350	_____ above \$44,351
3	_____ \$18,700 or less	_____ \$18,701 to \$31,200	_____ \$31,201 to \$49,900	_____ above \$49,901
4	_____ \$20,800 or less	_____ \$20,801 to \$34,650	_____ \$34,651 to \$55,450	_____ above \$55,451
5	_____ \$22,450 or less	_____ \$22,451 to \$37,400	_____ \$37,401 to \$59,900	_____ above \$59,901
6	_____ \$24,150 or less	_____ \$24,151 to \$40,200	_____ \$40,201 to \$64,300	_____ above \$64,301
7	_____ \$25,800 or less	_____ \$25,801 to \$42,950	_____ \$42,951 to \$68,750	_____ above \$68,751
8	_____ \$27,450 or less	_____ \$27,451 to \$45,750	_____ \$45,751 to \$73,200	_____ above \$73,201

*Please see Bulletin No. 06-0007 for comparison of CDBG and HUD terms.

3. Ethnic Background:

Racial Background
Mark X next to the category that best describes your origin.

Single Categories

___ American Indian/Alaska Native

___ Asian

___ Black/African American

___ Native Hawaiian/Other Pacific Islander

___ White

Double Categories

___ American Indian or Alaska Native AND White

___ Asian AND White

___ Black or African American AND White

___ American Indian or Alaskan Native AND Black or African American

___ Other – for individuals not identified above

Ethnic Background
Mark X next to the category that best describes your ethnicity.

___ Yes, Hispanic/Latino

___ No, not Hispanic/Latino

Household Information – Check one

___ A female heads the household where this client resides.

___ A male heads the household where this client resides.

I certify that the above information is true and accurate and that supporting documentation can be provided upon request.

Applicant's Signature

Date

Agency's Approval

Date

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For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

FORMA DE AUTO-CERTIFICACIÓN PARA SERVICIO PÚBLICO

Nombre: _____

Dirección: _____

Tracto del Censo: _____

Periodo del Contrato: _____ Nombre del Proyecto: _____

1. Cantidad de Personas en el Hogar: _____

2. Por favor marque el número que corresponde a la cantidad de personas en su hogar, y también indique los ingresos anuales en total:

Cantidad en el Hogar	Ingresos Extremadamente Bajos*	Ingresos Bajos*	Ingresos Moderados*	Ingresos más Arriba de Moderado*
1 _____ \$14,550 o menos	_____ \$14,551 a \$24,250	_____ \$24,251 a \$38,800	_____ más de \$38,801	
2 _____ \$16,650 o menos	_____ \$16,651 a \$27,700	_____ \$27,701 a \$44,350	_____ más de \$44,351	
3 _____ \$18,700 o menos	_____ \$18,701 a \$31,200	_____ \$31,201 a \$49,900	_____ más de \$49,901	
4 _____ \$20,800 o menos	_____ \$20,801 a \$34,650	_____ \$34,651 a \$55,450	_____ más de \$55,451	
5 _____ \$22,450 o menos	_____ \$22,451 a \$37,400	_____ \$37,401 a \$59,900	_____ más de \$59,901	
6 _____ \$24,150 o menos	_____ \$24,151 a \$40,200	_____ \$40,201 a \$64,300	_____ más de \$64,301	
7 _____ \$25,800 o menos	_____ \$25,801 a \$42,950	_____ \$42,951 a \$68,750	_____ más de \$68,751	
8 _____ \$27,450 o menos	_____ \$27,451 a \$45,750	_____ \$45,751 a \$73,200	_____ más de \$73,201	

*Por favor vea "Bulletin No. 06-0007" para una comparación de términos entre el programa de Dádivas para el Desarrollo Comunitario, (CDBG) y la agencia Federal de Vivienda y Desarrollo Urbano, (HUD).

3. Origen Nacional:

Origen Racial
Indique una X junto a la categoría que mejor describe su origen racial.

Categorías Únicas

☐ Indio Americano/Nativo de Alaska

☐ Asiático

☐ Negro/Africo Americano

☐ Hawaiiano Nativo/Otra Isla Pacífica

☐ Caucásico

Categorías Dobles

☐ Indio Americano o Nativo de Alaska Y Caucásico

☐ Asiático Y Caucásico

☐ Negro o Africo Americano Y Caucásico

☐ Indio Americano o Nativo de Alaska Y Negro o Africo Americano

☐ Otro – para individuos no identificados anteriormente

Origen Nacional
Indique una X junto a la categoría que mejor describe su origen nacional.

☐ Si, Hispano/Latino

☐ No, ni Hispano/Latino

Información del Hogar – Marque uno

☐ Una hembra es la cabeza del hogar donde vive este cliente.

☐ Un varón es la cabeza del hogar donde vive este cliente.

Yo certifico que la información en esta forma es verdadera y exacta, y la documentación apoyando estos datos pueden ser proveídas al pedirse.

Firma del Aspirante

Fecha

Aprobación de la Agencia

Fecha

K:\CDBG Common\TEAMFORM\Public Service Self-Certification.Eng & Span 2006.doc

For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

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CERTIFICATION TO FACILITATE PREDEVELOPMENT AND OFFSITE INFRASTRUCTURE FOR THE VILLA GARDENIAS SENIOR APARTMENTS

Villa Gardenias Senior Housing Limited Partnership, a California Limited Partnership (hereinafter: "the Developer") certifies that it complied with the County of Los Angeles, Community Development Block Grant (CDBG) Program Reimbursable Contract No. 600XXX by developing the Villa Gardenias Senior Apartments (Project) on or before XXXXXXXX, 200X. This requirement is as a result of expending up to \$200,000 in CDBG funds to fund predevelopment and offsite infrastructure costs associated with the Project. The Developer also agrees to the following provisions related to the development of the aforementioned Project:

- **Retention of Records:** Beginning XXXXXX, 200X, the Developer will collect and maintain supporting documentation verifying that the Project is serving at least fifty-one percent (51%) low- and moderate-income persons, and will continue to collect this documentation until June 30, 20XX.
- **Verification of Household Income:** From XXXXX, 200X and one (1) years thereafter, the Developer will verify household income, based on U.S. Department of Housing and Urban Development's (HUD) income guidelines in effect for the corresponding year, which are available through the CDBG Division Bulletins issued during March.
- **Submittal of Quarterly Performance Reports:** During Fiscal Year 200X-200X, the Developer will submit to the Community Development Commission, CDBG Division (hereinafter: "CDBG"), *Quarterly Performance Reports (QPRs)* for the period from XXXX, 200X through June 30, 200X (for the third and fourth quarters), identifying the following direct beneficiary information: (a) a list of households including household income (i.e., extremely low, low-moderate, and above moderate), (b) ethnicity, and (c) household contacts (i.e., number of times household received services for one (1) month).
- **Annual Certification of Eligible Use:** For the first year of Program operation, the Developer will remit to CDBG a *Certification of Eligible Use* form by June 30th of the year, certifying that the Project is being used for the identified eligible activity and purpose as provided in the County of Los Angeles, CDBG Program Reimbursable Contract No. 600XXX.
- **Continuous Operation of Project:** The Developer will not cease operation (either voluntary or involuntary cessation) of the Project, for a continuous period of more than thirty days, during the fifty-five year period. Deviation to this policy will be reported in writing to CDBG, with justification and planned date for resuming the service.

Villa Gardenias Senior Housing Limited Partnership.

Date

For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) DIVISION
CERTIFICATION OF ELIGIBLE USE
PROJECT NOS. 600XXX**

INSTRUCTIONS: Check off reporting period, sign certification, and submit to the following:

Community Development Commission of the County of Los Angeles
Community Development Block Grant Division
Program Management Unit
2 Coral Circle
Monterey Park, CA 91755

REPORTING PERIOD ENDING: ☐ June 30, 2007 ☐ June 30, 2008 ☐ June 30, 2009
☐ June 30, 2010 ☐ June 30, 2011 ☐ June 30, 2012 ☐ June 30, 2013
☐ June 30, 2014 ☐ June 30, 2015 ☐ June 30, 2016 ☐ June 30, 2017

CERTIFICATIONS:

- The Villa Gardenias Senior Housing Limited Partnership certifies that the predevelopment and offsite infrastructure costs being funded with CDBG funds are being used for the identified eligible activity and purpose as provided in the County of Los Angeles, CDBG Program Reimbursable Contract No. 6005XXX and are necessary to develop a senior housing project at 3965 E. Olympic Blvd. and 1141 S. Ditman Avenue, Los Angeles, CA 90022.
- The Villa Gardenias Senior Housing Limited Partnership further understands and accepts that the predevelopment and offsite infrastructure activities are subject to audit by the U.S. Department of Housing and Urban Development (HUD) and by the Community Development Commission (CDC), County of Los Angeles, and that any non-eligible use will result in reimbursement to the CDBG Program of its pro-rata share.

Villa Gardenias Senior Housing Limited Partnership
Representative's Signature

Date

Please print the following information:

Name: _____

Title: _____

Phone No.: _____

E-mail address: _____

For any questions concerning eligible uses, determination of real and non-expendable properties, or if the Agency anticipates changing the use of the properties, please contact Vanessa Palangio, your Program Manager, at (323) 890-7117.